TRANSPORTATION SERVICES DIVISION
DEPARTMENT OF REGIONAL INDUSTRIAL EXPANSION

TRANSPORTATION AND REGIONAL INDUSTRIAL EXPANSION: USERS' PERSPECTIVE ON ISSUES FOR THE 1980s

VOLUME 1 ANALYSIS OF FINDINGS

MAY 1984

FOREWORD

This report entitled "Transportation and Regional Industrial Expansion: Users' Perspective on Issues for the 1980's" has as its objective a determination of the adequacy of existing transportation service levels in all regions of Canada as perceived by the users of those services and an assessment of how these service levels impact on regional industrial and tourism development. The study was commissioned by the Service Industries Branch, Consumer Goods, Services and Resource Processing, Department of Regional Industrial Expansion and was carried out by James F. Hickling Management Consultants Ltd.

The survey findings were obtained through both focus groups and telephone interviews, which were carried out in large and small centres all across Canada. All the participants, chosen primarily from the private sector, were either direct users of transportation services or knowledgeable of transportation's relationship to regional industrial and tourism development. The participants were asked to identify constraints and opportunities relating to existing levels of service and to offer suggestions aimed at minimizing those constraints and maximizing the opportunities.

Volume I of the report analyzes the findings and provides a list of issues recommended for further study, while Volume II examines the findings of each focus group in detail and is presented in tabular form.

It is hoped that this report will serve as a useful issues document for officials within the Department of Regional Industrial Expansion. The views and opinions expressed herein, however, are solely those of the author and the survey participants and do not necessarily reflect the views of the department.

A.K. Liljefors
Director General
Service Industries Branch
Consumer Goods, Services
and Resource Processing
Department of Regional
Industrial Expansion

July 1984

FINAL REPORT

TRANSPORTATION AND REGIONAL INDUSTRIAL EXPANSION: USERS' PERSPECTIVE ON ISSUES FOR THE 1980s

VOLUME I ANALYSIS OF FINDINGS

Presented to:

Transportation Services Division
Department of Regional Industrial Expansion

By:

James F. Hickling Management Consultants Ltd.
Ottawa, May 1984

Ce rapport est aussi disponible en français.

TABLE OF CONTENTS

		PAGE
EXECUTIVE SUMMARY		i
1.0	INTRODUCTION	1
1.1	Purpose and Scope of Study	1
1.2	Survey Methodology	2
1.3	Structure of Report	4
2.0	ROLE OF TRANSPORTATION IN REGIONAL ECONOMIC POLICY	6
2.1	Objectives of Regional Policy	6
2.2	Conflicts in Regional Policy	11
2.3	Trends in the Focus of Regional Policy — The Users' Perspective	12
3.0	SURVEY FINDINGS BY REGION	13
3.1	British Columbia	14
3.2	Alberta	23
3.3	Saskatchewan	29
3.4	Manitoba	35
3.5	Northwestern Ontario	39
3.6	Southwestern Ontario	41
3.7	Southern Ontario	43
3.8	Eastern Ontario	47
3.9	Quebec	49
3.10	New Brunswick	54
3.11	Nova Scotia	57
3.12	Prince Edward Island	60
3.13	Newfoundland	61
3.14	Northwest Territories and the Yukon	65

TABLE OF CONTENTS (continued)

	PAGE
4.0 SUMMARY AND CONCLUSIONS	72
4.1 Summary of Transportation Service Issues by Mode	72
4.2 The Need for Evaluation Tools	78
4.3 Issues Recommended for Further Study	80

FIGURES & TABLES

Figure 2.1	A Schematic Representation of the Regional Policy-Making Process	8
Table 4.1	Approximate Ranking of Transport Modes By Frequency of Mentions	74

APPENDICES

Appendix A - Survey Respondents

Appendix B - Canadian Export Association's Views on a Canadian Flag Deep-Sea Marine

Appendix C - Windsor-Essex County Development Commission

Appendix D - Ottawa-Carleton Board of Trade Survey of High Technology Companies in the Ottawa Area

EXECUTIVE SUMMARY

Purpose of Study

A survey of transportation service users was carried out under contract to the Department of Regional Industrial Expansion. The objective of the survey was to determine, by region, users' perceptions of the adequacy of transportation services provided. Of specific interest were issues and concerns regarding services which they perceive to be inadequate, their perceptions of the effect of these inadequacies upon the economy and industrial development of the regions surveyed, and changes judged necessary to improve the transportation services in question.

Survey Methodology

The findings were obtained through both focus groups and telephone interviews; the total number of participants was 109. Twelve focus groups were conducted in the following locations:

Vancouver, B.C.	Toronto, Ont.
Edmonton, Alta.	Montreal, Que.
Saskatoon, Sask.	Quebec City, Que.
Winnipeg, Man.	Moncton, N.B.
Thunder Bay, Ont.	Halifax, N.S.
London, Ont.	St. John's, Nfld.

Participants in these groups included direct users of transportation services as well as other parties concerned with transportation and its relationship to regional economic and industrial development. In the first instance, maximum use was made of regional representatives from industry associations, including the Canadian Industrial Traffic League and the Canadian Manufacturers Association, as well as associations specific to forestry, mining, farming, fishing and other industrial

sectors. Other interested parties included Chambers of Commerce, Boards of Trade, and municipal and regional economic development commissions.

Telephone interviews were conducted in some two dozen other and, for the most part, smaller locations. These were designed to provide a more extensive picture of any given region's transportation issues and concerns, and therefore served as a check upon the focus group findings. In the majority of instances, the interviewees were senior representatives of the municipal or regional economic development commissions.

Transportation and Regional Economic Policy

In order to provide a framework for understanding the link between the issues voiced by transportation users surveyed and the federal government's role in addressing these, the report also provides a brief discussion of the underlying role of transportation in the formation of regional economic problems and their solution.

Within the context of regional economic development, transportation policies and initiatives have three general and sometimes overlapping objectives:

- to improve a region's industrial structure;
- to diminish a region's locational disadvantage and to therefore redistribute national income;
- to create an environment for improved regional (and thus national) economic efficiency.

The traditional focus of regional policy has been the need to redress economic disparities among regions by diminishing certain regions' locational disadvantages and by redistributing income from richer to

poorer sections of the country. The survey, however, indicates a tendency on the part of transportation users to now favour a shift in government focus to matters of economic efficiency as well. On the one hand, transportation users in the healthiest regions — those without locational disadvantages -- see considerable scope for greater economic performance through improved transportation. On the other hand are those regions which have grown more slowly than the economy as a whole. While some of these continue to emphasize their locational problems and the need for government subsidy and regulatory measures to address these, many were concerned with matters of efficiency to the point of recommending reduced subsidies and regulations for certain modes. This was especially true where subsidies were seen to distort the allocation of traffic to the most appropriate mode and where regulations were seen as stifling competition.

Transportation Service Issues by Mode

For the purpose of summarizing survey findings, the transportation modes were ranked based on the number of times each was mentioned by all survey respondents as being an issue area or as providing, in their opinion, inadequate service. The various sub-issues and concerns raised -- whether passenger service and price, freight service or price, infrastructure or regulatory in nature -- are then categorized according to their respective mode. This was judged preferable to a presentation of survey findings based on either regional, shipper size or industry sector distinctions because many of the issues tend to cut across such distinctions.

The ranking produced is somewhat subjective and is not to be viewed as having any degree of quantifiability. It does, however, provide a directionally valid indication of the relative importance of transport modes and of the issues of importance to users of transportation services.

1. Air

The air mode in general, and air passenger price and service in particular, were by far the most frequently mentioned areas of concern. All aspects of passenger service were raised, including fares, frequency of flights, routes available, connections, adequacy of equipment, etc. There was some distinction apparent between smaller and larger centres in terms of the causes of concern. Smaller, and especially remote locations, were concerned with what they perceived to be disproportionately high air fares, infrequent departures/arrivals, and the lack of direct flights (with the necessity, therefore, of making time-consuming and inconvenient connections). Inadequacy of service was translated as a drawback in attracting new business to certain areas and a hindrance to tourism. In many locations, greater access by regional carriers using smaller equipment was viewed as preferable to a national carrier with larger, more costly equipment.

The larger centres were characterized more by concerns with access to U.S. markets, especially as this pertains to Canadian tourism business.

Regulatory considerations, which in many respects are inseparable from considerations of service, were of importance to all locations, with most expressing a desire for some degree of deregulation. This is qualified by comments from many participants that certain locations, however, would need to be classified as "essential services", or else what little service those locations have would be jeopardized. This outlook is more typcial of smaller and more remote locations, and points in northern Canada.

This expressed desire for some degree of deregulation in air carrier operations would, in light of Transport Canada's recent announcement, appear to have been answered. The focus of attention will now be upon whether users' anticipated benefits, as identified by this survey, do in fact materialize.

2. Rail

Although there were numerous concerns expressed with rail freight price and service, issues which fall under a regulatory heading surpassed these. Perhaps the key concern is with the difference between Canadian and U.S. regulations, and the effect this has upon the competitiveness of Canadian shippers and their ability to penetrate U.S. markets, particularly in the case of the mining and forestry industries. Other areas frequently mentioned include Maritime freight rates, Crow rates (now revised, and perceived as leading to an improvement of trackage and other infrastructure problems in the West), interswitching charges, and dangerous goods legislation (again in terms of compatibility with U.S. standards).

Opinions varied as to whether or not longhaul passenger service is in fact justified or needed. Local service on heavily travelled corridor routes, and particularly the GO Train system, Oshawa to Hamilton, were however favoured. Putting aside questions of justification and subsidies, the consensus appears to be that VIA Rail's service is wholly inadequate as it stands, with criticism being levelled at schedule reliability, equipment, and onboard service. In most areas, the sector of the economy seen to suffer the consequences of this inadequacy is tourism.

3. Truck

Regulatory matters are perceived as being the major issue within trucking operations. Licencing of trucking operations is a provincial jurisdiction and therefore the concerns are likewise focussed on provincial regulatory practices (degree and type of regulations, administration of permits, etc.). Differences in weight regulations among provinces was perhaps the most frequently mentioned single problem area. Problems foreseen in the adaptation of dangerous goods legislation at the local/municipal level were often raised as well.

Issues concerning infrastructure were the second most common area of concern. These ranged from concern with the state of roadway repair (e.g., Toronto's road network) and capacity limitations (TransCanada Highway and its impact upon the Port of Thunder Bay) to the issue of whether new roads should be developed as a prelude to mine commercialization in the North.

4. Marine*

Issues and concerns regarding the marine mode were distributed more or less equally among freight, passenger, infrastructure and regulatory considerations. Freight issues, such as the need for competitive rates for export business and concern with routing of containers through U.S. ports, center on conference vs non-conference line considerations which, due to the Shipping Conference Exemption Act, are in effect also regulatory in nature. Regulatory issues also included the question of a Canadian deep-sea fleet (consensus of opinion is that this would be very inadvisable) and port pricing. Ports costs in comparison to those incurred at U.S. ports, and the effect these have on overall transportation costs and competitiveness in international markets, was a specific area of concern.

5. Automobile

It was not automobiles per se, but the effect of the adequacy of road infrastructure upon automobile travel — and specifically tourism — that was of importance. Examples of specific areas of concern were National

---

* Note that truck and marine modes had approximately the same frequency of mention.

Parks roadways (eg. Banff), the Yellowhead Highway, and again the TransCanada Highway between Thunder Bay and the Manitoba border. Capacity is the general area of concern, with safety specifically mentioned in several instances.

The differential in gasoline prices between Canada and the U.S. was cited as causing a drop in road tourist traffic.

6. Bus

The bus mode was generally perceived as being quite adequate. As with automobiles, what issues were in fact raised related to road infrastructure and fuel prices, and their effect upon the tour bus business.

The Need for Evaluation Tools

Under the Policy and Expenditure Management System, the Department of Regional Industrial Expansion competes with other departments for Economic Development envelope resources with which to fund policy and program initiatives. Therefore, although certain initiatives could conceivably flow from the issues outlined in this report, limited resources and competing claims on those resources are certain to restrict the number which would actually be funded.

It is imperative that any initiatives considered by DRIE be analyzed in conformity with Treasury Board and Ministry of State for Economic Development guidelines. Without adequate analytic tools, these initiatives -- which are subject to the PEMS review process -- would be difficult to support. Evaluation tools do however exist which can shed light on the relative costs and benefits of the initatives available to DRIE. It is recommended that such techniques, and the data needed to support them, be explored by DRIE as a matter of priority.

Issues Recommended for Further Study

Among the transportation service issues identified by this survey, there are several which impact in varying degrees upon economic and industrial development and which may therefore warrant further study.

Placed in one of two groups according to their relative importance in terms of the extensiveness of the issue across Canada and/or the potential for impact which the issue has upon economic and industrial development, these are:

Group #1

- Air Service - Domestic

  Monitoring the effect of Transport Canada's recent announcement to deregulate domestic air service upon the quality of service provided, especially to smaller centres.

- Air Service - International

  The adequacy of routes between Canada and the U.S., and the competitiveness of Canadian vs. U.S. carriers, particularly in terms of impact upon the Canadian tourism industry.

- Canadian and U.S. Regulatory Environments

  An all-encompassing topic that covers air, rail and truck operations, and concerns the competitiveness of Canadian industry in U.S. markets.

- Port Charges

  Differences in charges between alternative ports (both within Canada, and Canadian vs. U.S.) and the impact upon cargo routing and shipper costs.

- Conference Lines

  The effect of conference vs. non-conference line rates upon shipper/receiver transportation costs and competitiveness.

- Road Infrastructure

  A collection of site-specific issues concerning the adequacy of road systems and their impact upon freight movement, tourism, safety and other considerations within their respective regions.

- Trucking - Provincial Licencing

  The relationship between differences in provincial licencing regulations and permit administration and the provision to users of competitive services.

Group #2

- Customs

  The effect of service levels provided upon the attitudes and image of Canada held by tourists, and therefore upon the tourism industry.

- o Railway Interswitching Charges

  The effect which the existence of these surcharges has upon the transportation costs and locational decisions of industry.

- o Trucking - Interprovincial Weight Standards

  The effect of non-uniform interprovincial standards upon shipper distribution patterns and costs.

- o Dangerous Goods Legislation

  Investigation of measures designed to accommodate the adaptation of such legislation at the local/municipal level and to minimize the disruption and cost to industry.

Underlying most, if not all, of the foregoing issues -- and echoing a concern expressed by a large number of survey respondents -- is the need for effective communications among the parties concerned (federal, provincial and/or municipal authorities, carriers and industry). In many instances, the opinion was voiced that government authorities are more attuned to the needs and wishes of carriers than those of users. To the extent that this in fact exists, the Department of Regional Industrial Expansion could assist industry in making its voice heard.

1.0 INTRODUCTION

1.1 PURPOSE AND SCOPE OF STUDY

Transportation is one of several factors which influence regional economic and industrial development. The adequacy of existing transportation services may affect the viability and competitiveness of a region's industries, while transportation policies may be applied by governments with the intent of addressing certain economic disparities among regions.

This report contains the findings of a survey of Canadian transportation service users' issues and concerns regarding existing services. Recognizing the relationship between economic and industrial development on the one hand and the provision and adequacy of transportation services on the other, and recognizing also that transportation is often used as a "whipping boy" for development-related problems, the study was designed to identify:

- transportation service users' perceptions of the adequacy or inadequacy of transportation services in Canada;
- the basis or reasons for their rating;
- the "cost" or impact of inadequate services;
- changes judged necessary to remedy the inadequacies;
- the benefits that would result.

The survey scope was extensive, covering:

- o all regions within Canada;
- o users of all modes of transportation;
- o resource, primary and secondary manufacturing, as well as tourism (i.e., both goods and passenger transport).

Furthermore, this report is best termed an "issues document"; the intent was to identify the transportation service issues and concerns of importance to users but not to assess these in any detail.

Given that the issues and concerns are satisfactorily identified by region, by mode and by industry sector, then the means is provided whereby priority issues may be selected for further indepth study.

1.2 SURVEY METHODOLOGY

The survey was carried out by means of focus group and telephone interviews in the following areas:

	Focus Group	Telephone Interviews[1]
British Columbia	Vancouver	Victoria, Prince George
Alberta	Edmonton	Calgary
Saskatchewan	Saskatoon	Regina Prince Albert
Manitoba	Winnipeg	Brandon
Ontario	Thunder Bay	Ottawa
	London	Kitchener
	Toronto	Windsor
Quebec	Montreal Quebec City	Sherbrooke
New Brunswick	Moncton	Saint John
Nova Scotia	Halifax	Sydney
Prince Edward Island	-	Charlottetown
Newfoundland	St. John's	Cornerbrook Goose Bay
Northwest Territories	-	Yellowknife
Yukon	-	Whitehorse

1. Several one-on-one personal interviews were also conducted.

Only one focus group was held in each of the major centres indicated and therefore participants were selected with an eye to making the group as representative as possible of that region and of the user categories of interest. Maximum usage was made of industry associations (Canadian Industrial Traffic League, Canadian Manufacturers' Association, and associations specific to the forestry, mining, farming, fishing, and other sectors) as well as representatives from Chambers of Commerce, Boards of Trade, economic development commissions and similar bodies.

When conducting the telephone interviews, the objective was to identify and contact that person most likely to have an overall appreciation of both industrial development and transportation services in that particular area. In the majority of instances, the interviewee was a senior representative of the municipal or regional economic or industrial development commission.[1]

In total, some 109 individuals participated in both the focus groups and other interviews. In addition, focus group sessions were attended by at least one representative from the Department of Regional Industrial Expansion. Their role was, for the most part, as observers. The candidness of the focus group participants, it should be noted, was in no way inhibited by the presence of the DRIE representatives. Appendix A-1 identifies the focus group participants in each location while Appendix A-2 identifies the telephone and other personal interviews carried out. In many instances, the respondent wears two hats; for instance, he or she may be the distribution manager for a given company, but is also involved in the CITL, CMA, Chamber of Commerce, Board of Trade, or one of a member of other similar associations or organizations.

---

1. Exact nomenclature, of course, varied by location.

When referring to Appendices A-1 and A-2, there are two areas which at first glance appear to be lightly represented; these are small manufacturers and freight forwarders. For the former, input received from CITL, CMA and other association representatives, as well as representatives from Chambers of Commerce, Boards of Trade and Economic Development Commissions may be regarded as a proxy for small manufacturers/shippers.

As for the freight forwarders, attempts were made to include one such individual in each group. In several cases this was not possible, either because of short advance notice or simply because the individual accepted the invitation but didn't show. In these instances, the comments of those individuals who did participate -- specifically, those who use freight forwarding services -- were taken as the next best alternative.

1.3 STRUCTURE OF REPORT

The next section of this report gives an overview of the role of transportation in regional economic policy and identifies three alternative objectives of regional transportation policies.

Section 3.0 contains a detailed examination of the survey findings in each region, including a discussion of economic and industrial development within the region, the importance of transportation, and the key issues and concerns raised.

The report concludes with Section 4.0. This section provides a ranking of all transportation modes discussed throughout the report based on the frequency with which issues pertaining to any given mode were mentioned in the focus groups and other interviews. The key issue areas (classified by freight price and service, passenger price and service, infrastructure or regulatory) are briefly described. In short, the objective of this section is to identify those issues of importance to users of transportation services which may warrant further investigation

and which -- by their correction or improvement -- would benefit regional economic and industrial development.

Also included in Section 4.0 is a brief discussion of the need for analytical tools with which to assess the various transportation service related initiatives that may be entertained. The section -- and the report -- concludes with the identification of a number of issue areas which may warrant further study.

Contained separately in Volume II are the detailed findings from each focus group; these are presented in tabular form.

2.0 ROLE OF TRANSPORTATION IN REGIONAL ECONOMIC POLICY

In considering ways in which regional economic expansion might be fostered through government transportation policies and programs, the starting point is to consider the underlying role of transportation in the formation of regional economic policy. The brief outline of major considerations given here provides a framework for understanding the link between the issues voiced by transportation users surveyed in our study and alternative federal roles in addressing the issues. The issues themselves are discussed in Chapters 3 and 4 of the report.

2.1 OBJECTIVES OF REGIONAL POLICY

There are three possible objectives for transportation policies in promoting regional economic development.

- to improve a region's industrial structure;
- to diminish a region's locational disadvantage and thereby redistribute national income; and
- to create an environment for improved regional (and thus national) economic efficiency.

Conflicts between such objectives are common and a periodic review of user perspectives and government policies is needed to adjust to changing circumstances. Figure 1 presents a schematic model of this process, including the function of feedback and review -- one purpose of this report. The following sub-sections expand on the elements in the model.

2.1.1 Industrial Structure

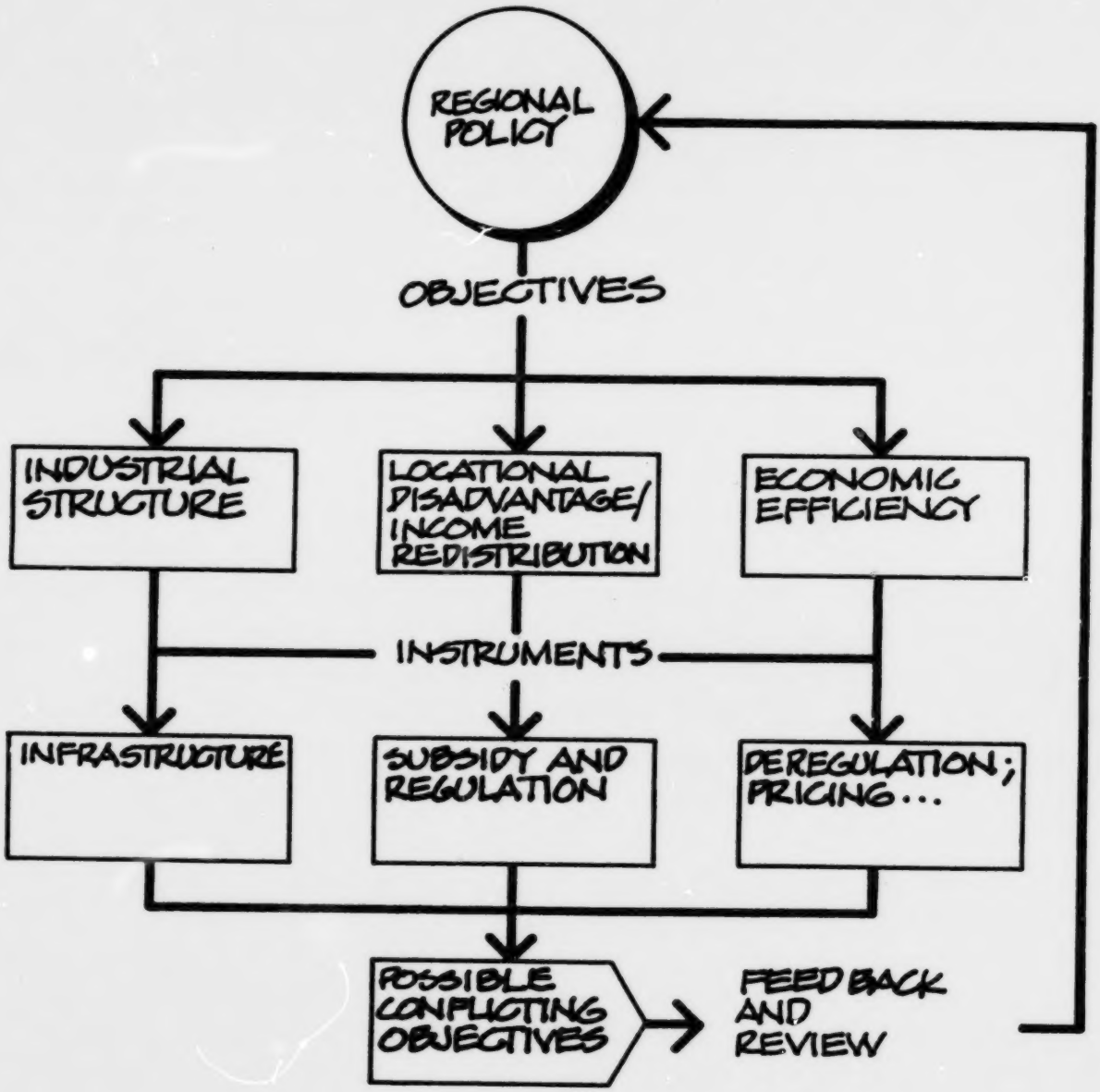
The traditional concern of regional policy has been disparities in growth and development among different parts of the country. But why is it that certain regions lag behind the economy as a whole?

For some regions the prime cause of the problem is the inheritance of a "mature" industrial base (a base with little growth potential), but there is no structural reason why growth industries should not be established in these regions to provide the foundation for new growth. Indeed, many studies have shown that a large number of industries are potentially mobile without loss of efficiency and that a restructuring of a region's economic base through relocation of such industries can create an environment for expansion with little or no economic cost to the overall economy. In this situation, transportation policy may play a smaller role than other tools of regional policy, such as tax incentives and other financial inducements designed to encourage modern industries to locate in a target area, but can still assist in revitalizing such a region's industrial structure. For example, if a region is geared to mature industries it is often the case that its transportation infrastructure is poorly suited to the needs of emerging growth industries. A good case in point occurs in regional economies once heavily linked to mining -- such areas tend to be well endowed with railroad infrastructure but might be poorly served by roads and by airports, the primary transportation infrastructure for many modern manufacturing firms.

2.1.2 Locational Disadvantage

Other regions grow more slowly than the nation as a whole because of some structural disadvantage such as a small and scattered population or a remote and peripheral location with respect to the center of the nation's

FIGURE 2.1 : A SCHEMATIC REPRESENTATION OF THE REGIONAL POLICY-MAKING PROCESS



economy. Such regions may not provide a satisfactory environment for many of the modern growth industries and would explain the need for so-called "distortionary" policies (like subsidies) to persuade them to go there.

To be sure, while many growth industries are relatively "footloose" with regard to location, for a large group of industries location contributes significantly to costs. This group consists of:

- o firms that derive important benefits from being near the center of the national market;
- o branches of existing firms where the organizational difficulties of being separated by a long distance from the parent plant impose additional costs; and
- o firms relying on external economies derived from close proximity to related industries and suppliers.

It follows that the provision of subsidies and regulations for transport services may be necessary to reduce the handicap of a distant location or a thin and scattered population.

A number of issues raised by focus group participants merge with this view of transportation's purpose in regional economic development. In the Maritime Provinces, for example, considerable emphasis was given to the need for continued subsidization of freight rates for both inter-regional and intra-regional movements in order to balance the structural locational disadvantages of these areas. Another example is the expressed need for public assistance (through both subsidies and regulation) for aviation facilities and services, a concern raised in many small communities located away from the nation's major industrial centers.

2.1.3 Economic Efficiency

Although low-growth regions are the traditional concern of regional policy, a new focus is emerging -- one that views regional policy as a natural complement to fiscal and monetary instruments in dealing with national economic problems such as declining productivity, inflation, and long-term structural difficulties facing industry. In this context, all regions -- not just those with below average growth -- represent targets of regional policy, and the policies themselves are designed not just to off-set problems, but also to promote opportunities -- such as increased competition and a penetration of export markets.

In this context, transportation policies many go well beyond the construction of infrastructure or the provision of subsidies and regulation to help off-set a region's locational disadvantage. Rather, they can extend to any action that might lead to greater efficiency or improved productivity in the manufacture, distribution and sales of a region's goods and services. This focus was certainly reflected in many of the views held by transport users surveyed in this study.

For example, focus group participants in Vancouver, British Columbia -- a region with good access to major markets and a modern industrial structure -- raised transportation concerns relating to efficiency, particularly concerning port pricing mechanisms. They were concerned over a trend towards monopoly in the ocean shipping industry and the potential impact on rates and service quality. Even in the Maritime Provinces and in Newfoundland, notwithstanding the locational disadvantages associated with these areas some focus group participants were concerned about inefficiencies, such as those perceived as stemming from poorly structured federal subsidies to competing transport services. For example, the group argued that the level of subsidization to Terra Transport rail services is too high and that it thereby promotes decline in the number of trucking companies. This in turn is seen to diminish the overall level of competition in the transportation system.

2.2 CONFLICTS IN REGIONAL POLICY

Policies designed to offset natural locational disadvantages, and those whose purpose is to promote efficiency, are not always complementary to one another. For example, a policy of a full cost recovery through user fees in general promotes an efficient level of investment in infrastructure and an efficient balance of road, rail, air, and marine services. But regions with small and scattered populations and those located at the geographic periphery might be unable to support an adequate level of infrastructure if user fees are set to fully recover costs. Public subsidy may therefore be justified if the regional economy is to survive and expand.[1]

In fact, focus group participants in geographically peripheral regions did identify areas where government policies designed to promote efficiency are in conflict with the objective of regional economic expansion. Participants in the Maritime Provinces, for example, argued that in that part of the country the need to off-set locational disadvantages through publicly funded investments in transportation facilities must take precedence over the objective of cost recovery for transportation infrastructure and services. They believe that while full cost recovery user fees tend to avoid over-investment and waste in centrally located and heavily populated regions, such user fees lead to under-investment in thinly populated, geographically peripheral areas.

---

1. In does not necessarily follow, however, that such subsidies are not economically worthwhile. It may simply be that market conditions are unable to reflect the full benefits of balanced regional growth -- a phenomenon referred to by economists as "negative externalities".

2.3 TRENDS IN THE FOCUS OF REGIONAL POLICY — THE USERS' PERSPECTIVE

Although the traditional focus of regional policy has been the need to redress economic disparities among regions -- that is, to redistribute income from richer to poorer sections of the country, the survey reported here indicates that some transportation users see the need to shift the federal interest to matters of economic efficiency as well.

This conclusion is drawn from a review of the issues summarized in Volume 2 of this report. Two broad conclusions stem from the review. First, even transportation users in the nation's strongest regions see considerable scope for greater economic performance through improved transportation. Since these regions suffer no locational disadvantages, their chief concerns with regard to transportation rest in the sphere of economic efficiency. To the extent that regional policy responds to such concerns, its focus would expand from the traditional concern over regional disparities to matters of economic and regulatory efficiency in healthy regions as well.

The second conclusion pertains to regions that have grown more slowly than the economy as a whole. A number of these areas continue to emphasize their locational problems and the need for government subsidy and regulatory protection in order to redress them. However, transportation users in these locations were also concerned over matters of efficiency — even to the point of recommending reduced subsidies and regulation for certain modes, especially where subsidies were seen to distort the allocation of traffic to the most appropriate mode and where regulation was seen to be stifling competition.

To shed more light on trends in regional issues, the following section presents an analysis of the concerns raised by survey respondents in each region.

3.0 SURVEY FINDINGS BY REGION

The issues identified through the focus groups, telephone interviews and material provided to the consultant team by those surveyed are summarized within the following sub-sections. For each sub-section dealing with a focus group session, a discussion of economic and industrial development within the region, the importance of transportation, and the key issues and concerns raised is presented.

A more detailed treatment of the focus group findings is presented in tabular form in Volume 2 of this report; these tables are structured by:

- region, mode and specific service;
- a rating of the adequacy of either the mode in general or of one particular facet of the service;
- the basis of the rating and/or other relevant comments provided by the focus group participants;
- the "cost" (or impact and effect) of inadequate services;
- changes which the participants mentioned as possible solutions to the problem; and
- the expected benefits and costs of these changes.

In almost all cases, the "cost" of inadequacy is expressed in qualitative non-monetary terms (e.g., poor air service hinders the development of tourist trade, which results in a loss of revenue to the local economy). In addition, the perceived solution and expected benefits were often simply stated as the converse of the problem (e.g., problem is restrictive access to carrier permits resulting in lack of competition -- solution is less restrictions/more deregulation resulting in greater access, more carriers, and improved competition).

3.1 BRITISH COLUMBIA

3.1.1 Vancouver Focus Group

3.1.1.1 Overview of Regional Industry and Transportation

Transportation plays a major role in the economy and industrial development of British Columbia particularly in its resource and tourism industries. The focal point of the region's transportation activity is Vancouver and, for the movement of resource products, the Port of Vancouver and the marine mode.

When projecting trends in future economic and industrial development, there was a desire expressed by focus group participants for diversification and a reduction of the dependency upon the resource sector. Both forestry and mining are subject to the fluctuations of international markets and at present, the mining industry is suffering from soft world market prices. Tourism, on the other hand, is believed to offer potential for growth, and the focus group participants would also like to see further expansion in secondary manufacturing, including the hi-tech sector. Compared to the resource sector and tourism, transportation is perceived as playing a less crucial role with respect to the secondary manufacturing and hi-tech industries, and cannot be used as a lever to affect industrial development.

Despite the desire for diversification, there is, however, the realization that the region's economy will remain dependent to a large degree upon the resource sector. Projected growth in tonnage through the Port of Vancouver over the current decade bears this out.

Vancouver is viewed as Canada's western gateway to the Pacific Rim. There is the belief on the part of those surveyed that it is in this area that future growth and opportunities will occur and that Vancouver must,

therefore, focus its attention not on Eastern Canada, but on those industrialized countries contiguous to the Pacific. Combined with its expanding role as a transhipment point for the export of the resources of B.C. and Western Canada, there is the hope that Vancouver will develop as a financial service centre. This development would place additional demands upon an already crucial transportation service industry, and also upon telecommunications. At present, transportation itself is a major service industry; the Port of Vancouver alone, it was stated, accounts for approximately 10% of Vancouver's employment.

3.1.1.2 Key Transportation Service Issues

There are two main groups of issues emanating from the Vancouver focus group. These are:

- o the movement of resources for export;
- o others concerned with customs facilities, the regulatory environment and government regulation, and legislation;

The focus group participants' primary concern over transportation services relates to the movement of goods (in particular, forestry products, minerals, grain, potash, sulphur and other products of B.C. and Western Canada's resource based economy) to tidewater and through the Port of Vancouver. The issues related to this concern are:

- o rail/infrastructure; the movement of goods to tidewater. Within this context, concerns were expressed regarding the bottlenecks in the rail system (i.e., trackage through the mountains) and with the age, state of repair and inadequate numbers of the railways' rolling stock. It is hoped that the additional revenues to be generated by the recent revision to the Crow Rate will provide the railways with the necessary capital funds with which to upgrade the infrastructure and meet projected capacity requirements.

- Port of Vancouver and the marine mode; all comments in this regard underlined the importance of Vancouver (the Port of Vancouver and Roberts Bank) as an export centre, and the corresponding need to remain competitive in international markets. Concerns centered on the higher cost per tonne of cargo through Vancouver in comparison to U.S. port charges (indicated that these are in the order of $17-$18/tonne vs $7-$8/tonne) and with the fact that 30% of inbound container traffic destined for Canada is currently landed at Seattle.

  Participants believe that all efforts should be directed at safeguarding and improving this essential service. Furthermore, a necessary ingredient of such efforts is believed to be input at the federal level not only by province authorities, but by industry itself. Conversely, the opinion was voiced that these and other interests are not receiving sufficient attention because of a perceived bias by Transport Canada and the Canadian Transport Commission for the concerns and interests of carriers rather than those of shippers and receivers. It is thought that DRIE can play an important role in remedying this situation.

  In a similar vein, the consensus of the focus group members was that a Canadian deep-sea marine could not be competitive with foreign flags and would therefore be detrimental to the competitiveness of Canadian industry (in particular, the resource industry) and to Canadian taxpayers.[1]

---

1. The subject of a Canadian deep-sea marine was also the focal point of discussions with the Canadian Export Association. A copy of a letter from CEA to the Minister of Transport, expressing the views of CEA on this matter, is contained in its entirety as Appendix B.

The second set of issues include:

- o customs; judged inadequate and in need of improvement, especially with respect to border crossings (road) and airports, and in terms of both goods movement (speed of clearance) and tourism. Mention was made of delays due to insufficient staff and the perceived complexity and amount of documentation. Of particular concern to those interviewed is the negative image presented by existing customs clearance to visiting tourists.

- o regulatory environment; on a more general note, considerable discussion evolved around what may be referred to collectively as regulation vs. deregulation. Whether in terms of rail, truck or air modes, the fact that the U.S. has or is deregulating in all these areas, the importance to Canada of U.S. markets, and the significance, therefore, of transborder shipments, all combine to produce a consensus of opinion that something must be done to ensure that Canadian shippers remain competitive. This is not to say that the participants proposed deregulation of the type experienced in the U.S.; on the contrary, the uniqueness and requirements of Canada's geopolitics, industry and transportation are fully recognized. Therefore, there is a realization that we cannot necessarily afford full deregulation, but must, through interactive consultation among federal and provincial governments and industry, identify whatever measures are necessary and reasonable. Often used terminologies are "regulated deregulation", or "participatory deregulation".

- o government regulation and legislation; this is another general, rather than modal-specific, area of concern which relates again to regulation/deregulation, but which also touches upon other areas of concern such as dangerous goods legislation. Industry and users of transportation services voice their frustration on two counts; firstly, with the sheer volume of legislation which they must accommodate, and secondly, with the perceived lack of opportunity for input by interested parties (i.e. industry) which are affected by the legislation. Again, the issue is raised that TC and CTC are more concerned with carrier interests, and correspondingly, are not attuned to the impact the legislation has upon manufacturers and shippers.

Inasmuch as Expo '86 is designed to be a showcase of transportation, the opinion was voiced that Vancouver would do well to have its "house in order". Naturally, this covers a broad spectrum of issues and modes of transport. However, issues that were expressed during the focus group, and likewise areas that may warrant attention, include customs (vis à vis tourists), airline scheduling and service, and tourist access to points outside and beyond Vancouver.

Of the specific concerns and issues raised, those which may require attention include:

- o measures designed to safeguard the flow and cost competitiveness of goods through the Port of Vancouver (includes port charges, labour problems, and routing of container traffic);

- o regulatory considerations inasmuch as these affect U.S./Canada transborder movement of goods, and the competitiveness of Canadian shippers and carriers in U.S. markets;

- o dangerous goods legislation, in terms of its implementation at the municipal level and the compatibility of Canadian with U.S. carriers;

- o customs with respect to both the tourism industry and freight;

- o ensuring that users of transportation services (manufacturers, shippers and receivers) are involved in the process of policy review and formulation.

3.1.2 Victoria

Contact was made by telephone with both the Regional Economic Development Commission and the Chamber of Commerce.

For transportation services, Victoria (and likewise, Vancouver Island) relies upon B.C. Ferries and the airlines (Air Canada, Air B.C., and San Juan Airlines (U.S.)). The ferries, which in addition to walk-on passengers carry private automobiles, trucks, buses and (on separate vessels) rail cars, were first owned and operated by Canadian Pacific. When CP appeared to be winding down this service, the ferries were taken over by the province.

Whereas Vancouver dominates the commercial and industrial activity of the province, Victoria may be characterized more as a service centre (government, university, etc.). The number of manufacturing firms has apparently diminished, partially due to the cost and extra time involved in reaching mainland markets. Those industries manufacturing products with a high value to weight factor (e.g., hi-tech industries) are viewed as being better able to survive.

Transportation service issues and concerns identified include:

- o transportation costs; with respect to all modes, transportation costs over relatively short distances are viewed by some as being too high; and contributing to the demise of many local industries. However, others argue that in the case of goods movement by truck to the mainland, the ferries -- and therefore trucking -- are subsidized;

- o air: This encompasses several areas of concern:

  - airline costs and schedules; for what is perceived to be a relatively short distance to Vancouver, the round trip fare is $106. Service is provided by Air Canada and Air B.C.; CP Air terminated service and has a feeder arrangement with Air B.C. Schedules and carriers are viewed as fluctuating, and connecting flights to Vancouver for points beyond are not considered convenient for business travel. The desire is expressed for some degree of deregulation, with expectations, therefore, of more competition and better service. However, there is the realization that jet service is not necessarily needed; more frequent and better scheduled prop engine service would, it is felt, meet their requirements;

  - airport facilities; the terminal, built 20 years ago, is considered to be out-of-date and inadequate for peak requirements. Application has been made for $11.5 million for expansion. However, nothing has happened, and the approval process is perceived as having been dragged out time and time again. Federal government is viewed as having a monopoly over airports, but not providing any help. With Expo '86 around the corner, it is believed that airport capacity limitations will pose a problem;

- customs; the U.S. customs office at Victoria does not open until 8:00 a.m. and cannot handle peak volumes. It is difficult, therefore, to make early morning connecting flights out of Seattle to points beyond;

o ferry unions; they are perceived as having a propensity for strike action. Users regard the ferries as an essential service, and are annoyed that the movement of goods and passengers is vulnerable to strike action. Efforts to pass legislation disallowing strikes have not been successful. Recently, however, a 3 year contract was signed which will take them beyond Expo '86.

Trucking and bus (Pacific Coach Lines, previously government owned, but now privatized) services are viewed as being adequate. One comment made perhaps typifies Victoria's outlook on transportation services; namely, that they do not necessarily need special arrangements, but good, competitive services that can be relied upon.

3.1.3 Prince George

The industrial make-up of Prince George is dominated by a dependency upon the resource sector (forestry and mining). This, it is felt, will continue in the future, with mining hopefully providing growth impetus. It is also expected that there will be continued development in forest related secondary industries (e.g., furniture manufacturing). The transportation service industry itself constitutes an important part of the local economy (local operations for both railways, truck operators, warehousing and distribution), and Prince George has evolved as the regional service and retailing centre.

It is not surprising that Prince George should be concerned with transportation services and, particularly, transportatoin costs. Resources shipped are bulk commodities for which transportation costs

comprise a significant percentage of total value. The recent Crow Rate revisions are viewed as being a step in the right direction, making it possible, it is hoped, to improve rail infrastructure in the future.

Aside from the general concern with transportation costs mentioned above, key transportation service issues include:

- o cost of gasoline; Alberta and Saskatchewan do not impose a provincial tax, and therefore gasoline is more costly in B.C. This is perceived as having a negative impact upon tourism in Northern B.C.

- o trucking; current provincial administration of trucking licenses and permits is seen as being disadvantageous to smaller, more remote communities. It is felt that it is difficult for smaller operators to obtain permits, with the result that there is insufficient competitive pressure upon rates;

- o rail/passenger; Prince George has no VIA Rail service. The view is that if the government is going to subsidize transportation, then this is a good place to do so. Prince George would like to see a service which includes Vancouver, Jasper, Prince George and Edmonton. It is realized that such a service does not support itself, but does, however, have important spin-off benefits to the hospitality trade and other aspects of tourism;

- o air; Prince George is served by CP Air and Pacific Western Airlines, as well as smaller regional airlines. The opinion was voiced that the Prince George - Vancouver fare ($257) is exorbitant and of concern to the frequent business traveller.

3.2 ALBERTA

3.2.1 Edmonton Focus Group

3.2.1.1 Overview of Regional Industry and Transportation

A task force, comprised of leaders and experts in Edmonton's transportation community, recently submitted a report to Edmonton City Council containing their assessment of the present status of the city's external transportation systems and its effect upon the economic and social well-being of the area. The overall recommendation of that report is that an Edmonton Transportation Authority be created to address the city's transportation systems and requirements. It was concluded that:

> "virtually every aspect of Edmonton's economy and social well-being is affected by the status of its external transportation systems. If Edmonton is to effectively develop its economic potential, it will require competitive transportation systems."[1]

The economy of the region is dominated by three major sectors; petroleum, agriculture and tourism. The evolution of Alberta's petroleum industry, commencing with the discovery of oil in the late 1940s, the subsequent start-up of refineries, and the eventual movement into petrochemicals, is well known. What is important to note is the necessity for shippers to move petrochemical products, agricultural produce, potash, sulphur etc. to market. These markets, moreover, are not to be found within the region, or exclusively within Canada; rather, the markets which must be penetrated (and in which transportation plays a key role) are south of the border and overseas.

---

1. Issue Paper on Edmonton's External Transportation Systems, prepared by the Edmonton Economic Development Authority, draft dated November 24, 1983, page 5.

Tourism (defined as including both pleasure and business travel) ranks as Alberta's third largest industry. Two key features of this sector are Edmonton's proximity to the Canadian Rockies, and its position in northern Alberta as a jumping-off point to the "oil patch" (including the North Slope).

The economic well-being of existing industry and the region's success in realizing expanded development in secondary manufacturing will be determined by the competitiveness of transportation rates and by the ability of shippers to move goods to market, whether those markets be domestic, in the U.S., or overseas.

3.2.1.2 Key Transportation Service Issues

The focus group's consensus of opinion -- seconded by the Task Force report -- is that Edmonton's positioning in Western Canada provides it with a comparative natural advantage in access to Western Canadian and Pacific Northwest markets. In order to maximize this potential, Edmonton must have competitive external transportation systems.

The opinion is that Edmonton, at present, is not afforded competitive services, and that its position as a transportation centre within Western Canada is deteriorating.

There are three key issues which dominate this concern; these were raised by the focus group participants and are likewise described in the Task Force report as follows:[1]

- o air; Edmonton is not fully competitive as an air service centre, and is generally regarded as a second class air service centre within Western Canada;

---

1. Issues Paper on Edmonton's External Transportation Systems, ibid, page 2.

- o rail; Edmonton is regarded and treated as an appendage to the national rail passenger system. While rail freight capacity exceeds present demand, concern was expressed that development of freight capacity in the medium to long term may not keep up with demand;

- o road; Edmonton is perceived as being away from the east-west interprovincial road services. As such, it is not considered to be a primary location for many of Canada's major distribution companies. Edmonton is not recognized as being competitive in the road passenger sector of the tourism industry.

A suggested change designed to address these and other transportation service inadequacies confronting the region is the task force's recommendation that an Edmonton Transportation Authority be implemented. (Calgary has had one for a number of years and it is regarded as having been instrumental in fostering an adequate transportation system). Such a Transportation Authority would also afford the means of addressing other stated concerns, including:

- o a channel by which consumer/user groups could make their needs known;

- o improved communications amongst municipal, provincial and federal policy and regulatory bodies;

- o generally, the maintenance of a transportation system which would be characterized by affordable costs/rates and the ability to reach larger markets.

Another means of enhancing Edmonton's position as a major Western Canada distribution centre is through the development of a proposed container port, complete with all necessary support services (warehousing, stuffing and unstuffing, and road, rail and air networks).

Other specific concerns and issues raised (refer to Volume 2 - Survey Results) which require attention include:

- o resolution of situation created by two airports (International and Municipal);
- o inadequate customs, immigration and clearance services at both airports;
- o Yellowhead Highway improvement;
- o non-uniform interprovincial truck weight standards;
- o problems incurred in adaptation at local level of dangerous goods legislation;
- o railway interswitching charges;[1]
- o regulatory matters as these affect the competitiveness of Canadian shippers in U.S. markets and the competitiveness of Canadian carriers with U.S. carriers (includes dangerous goods legislation);
- o overall upgrading of infrastructure and service of rail passenger mode;
- o follow through on feasibility analysis of proposed container port.

---

1. CTC General Order T-12; charge by carrier for "the interchange of railway freight traffic between connecting lines at origin or destination". When shipper/receiver are within 4 miles of the point of interchange, the charge is 1½ cents per cwt as prescribed and regulated by General Order T-12. Beyond 4 miles the charge is substantially higher. Matter is currently under review by CTC.

3.2.2 Calgary

Individuals in both the City of Calgary Economic Development Commission and the Calgary Transportation Authority were interviewed by telephone.

The economy and industrial development of Calgary and surrounding area bear many similarities to Edmonton; the key industries, again, are petroleum, agriculture and tourism.

Identified transportation service issues include:

- air; the opinion that carriers are too regulated. The regulatory environment, it is felt, should be relaxed, thereby allowing a greater degree of product/service differentiation, more fare competition, and an easing of entry requirements for new carriers. The comment was made that as long as Air Canada retains its current position, it can knock everyone out of the market;

  Despite the foregoing, it was stated that Calgary does not have very much to complain about. American Airlines service to Dallas has just been introduced, and Lufthansa is also serving Calgary. However, more international routes are believed to be desirable.

  The airport facilities are judged as quite satisfactory. Despite its perceived desirability, the idea of airports becoming autonomous crown corporations -- and therefore being more responsive to the needs of the community — appears to have fizzled out;

- rail/Crow Rate; the degree to which this is an issue has naturally changed with recent policy revisions. However, the belief was expressed that producers should have received

the subsidy, thereby allowing railways to revert to a normal rate making basis. It was also acknowledged that opinions on this subject vary depending on to whom one talks;

- o rail/passenger; the opinion was expressed that longhaul passenger rail service in Canada is an anachronism which is contrary to economic philosophy. Furthermore, the idea that the elimination of passenger rail service would impact negatively upon small towns is regarded as being unrealistic;

- o road/infrastructure; National Parks' roadways fall under federal jurisdiction. For years, efforts have been to have the highway in Banff National Park widened because of increased demand created, for the most part, by tourism traffic.

Contact was also made with Sultran Ltd., an organization resident in Calgary and set up by the Alberta oil and gas industry to manage the shipment of sulphur for export. Concerns expressed may be summarized as:

- o rail/capacity; during periods of high volume movement, (which are dictated by economic activity and market demand, as well as seasonal considerations), a bottleneck materializes on the main line to the West Coast. However, no problems have been experienced during the last few years due to the economic downturn and soft markets, while plans for double tracking, it is felt, should relieve future problems. Mention was also made that both the quantity and quality of equipment (older cars with smaller capacity) affect loading and unloading efficiency;

- o rail/rate appeals; it was stated that regulations governing the transport of products and the rights of shippers to appeal charges under Section 23 of the National Transportation Act are not handled in the best manner. Procedures for appeal are considered to be overly long, while a successful appeal of a rate change by a shipper should, it is felt, be retroactive to at least the date of appeal, if not the date the rate increased. Furthermore, although Section 23 allows for the investigation of the railways' detailed cost of operations, this is not customarily done, making the appeal process all the more difficult.

3.3 SASKATCHEWAN

3.3.1 Saskatoon Focus Group

3.3.1.1 Overview of Regional Industry and Transportation

Until the early 1960s, Saskatchewan's economy was dependent primarily upon agriculture. This, however, changed with the commercialization of potash and, later, with the development of uranium mining in the northern part of the province. Corresponding with this shift in the economic base, the City of Saskatoon became increasingly a mine maintenance and supply centre and resource development centre. Saskatoon is considered to be more of a transportation hub and distribution centre than Regina.

Equipment manufacturing has grown in response to the demands of both the agriculture and mining sectors. Future growth is anticipated in the hi-tech sector, partially as a result of the university located in Saskatoon.

Transportation plays a fundamental role in the economy and industrial development of the region. On the one hand, the generally high-volume,

low-value products of both the agriculture (e.g., grain) and mining (e.g., potash) sectors must be moved to distant markets. Transportation costs comprise a significant percentage of the final selling price of these products (40% or more in the case of potash shipped to foreign markets) and are often the basis of a successful or unsuccessful marketing effort.

On the other hand, when attempting to attract a new industry to the area, Saskatoon is considered to be on a par with other cities in Western Canada in terms of services, infrastructure, available manpower, etc. Again, the key factor will often be that company's reliance upon transportation and, all things considered, the effect of transportation costs upon its competitive position in the market place.

3.3.1.2 Key Transportation Service Issues

It is somewhat difficult to identify any one major transportation service issue in Saskatchewan. Perhaps this is partially due -- despite the overall importance of transportation to the regional economy and to industrial development -- to an acceptance by users of what are perceived to be the "facts of life" of Canadian transportation (e.g., distance to markets and the inherent costs; being a smaller centre and, in the case of the airport and airline service, being subject therefore to a lower level of service; etc.). Despite this there is an aggressiveness and innovativeness demonstrated by the constant search for new ways of transporting goods and of cutting costs.

Furthermore, an attempt towards the end of the focus group session to identify one major transportation service issue met with objection. Certain individuals were of the opinion that a ranking of issues created the risk that DRIE would focus on only the key issue(s) to the exclusion and detriment of others of perceived lesser importance.

Issues and concerns identified in Saskatoon may be summarized as follows:[1]

- o air; judged inadequate overall (inconvenient schedules and connections, costly fares, and the absence of air cargo). There is the realization that their passenger volumes (airport is ranked 12th in Canada) and positioning relative to east-west routes between larger centres does not lend itself to acquiring the same level of service, equipment, rates, etc. as these major centres. However, respondents do feel that licensing of regional air carriers and using smaller, less costly equipment for more frequent service and better connections would go a long way towards rectifying this situation;

- o rail; a major area of interest simply because of the predominant role it plays in the economy. The recent revision of the Crow rates and future changes to these rates are seen to remedy certain inequities (for instance, rates which were previously disadvantageous to the local processing of certain items, such as rapeseed oil). However, rates available to competing firms south of the border (lower and unpublished rates) was a specific issue raised;

- o regulatory environment; on a more general note, there would appear to be a consensus that some degree of deregulation is required in all modes. While there is acceptance of the necessity of past regulatory policies and subsidies, there is a feeling that deregulation would result in a beneficial rationalization of modes and more competitive service

---

1. Note also that Saskatoon participants were of the opinion that Regina would probably be characterized by similar issues and concerns.

(especially with respect to U.S. carriers). However, it is also recognized that the transition to a deregulated environment would not be without certain upheavals.

Of perhaps lesser relative importance, but nonetheless noteworthy because of their frequent mention in other regions, are:

- o railway interswitching charges;
- o interprovincial trucking (weight) standards.

Perhaps less relevant in terms of how it affects industrial development and in terms of any substantial changes which can reasonably be expected in the short to medium term is:

- o VIA Rail: Generally regarded as a "deplorable" service which presents a negative image to (and therefore impacts upon) the tourism market.

3.3.2 Regina

Regina's issues and concerns are somewhat similar to those expressed in the Saskatoon focus group, including:

- o air; inadequate scheduling by mainline carriers because they are, so they perceive, low on the totem pole. Regional airlines (Frontier Airline and Norcan Air) are viewed as doing a good job, and as having opened up new markets for both tourism and business travel;

- o rail/passenger; unreliable schedules and poor service, especially in the winter;

- o Yellowhead Highway; it is considered that improvement of this important road link is required, although this poses a problem inasmuch as the Yellowhead does not fall under federal jurisdiction and therefore does not qualify for federal highway funding.

An interesting example of an opportunity used to rectify a transportation problem is presented by the development of an industrial park in the northeast corner of Regina. A significant number of the companies which have and are expected to locate here use rail. In order to avoid the problem of interswitching, the City, CNR and CPR have entered into a tripartite agreement under which the City pays for the right-of-way; industries resident in the industrial park will have access to both railways. Similarly, a Rail Line Relocation Committee is addressing the question of first relocating the CN yard in Regina, and ultimately the CP yard; it is proposed that a similar approach be taken to common lines and therefore avoidance of interswitching problems.

3.3.3 Prince Albert

A review of industrial development of each region in Western Canada becomes a litany of the importance of transportation to the economic well-being of regions that are resource industry dependent. Prince Albert, with an economy based on forestry, mining and agriculture, is another case in point.

Desired trends in the future include further downstream utilization of the forest industry; expansion of primary and secondary manufacturing (a new pulpmill, possible production of newsprint, and perhaps a new sawmill) would no doubt benefit the local economy.

Transportation issues raised in conversation with the Industrial Development Commission of Prince Albert include:

- o air service; existing air service is seen as a deterrent to industrial development and tourism. Prince Albert is served by a number of regional airlines, including Norcan Air, Sound Air and King Air. Equipment used is generally prop engine with small seating capacity. Although the airport has a 5000 foot runway, Transport Canada and CTC have ruled that it is inadequate to accommodate a 737 or DC9.

  Consequently, when flying into or out of Prince Albert, connections have to be made (e.g., Saskatoon). It is felt that this hinders development of tourism. Tourists destined for summer camps in the vicinity, for instance, fly into Saskatoon, then by private charter or the lodge's own aircraft; Prince Albert therefore loses passenger traffic. Furthermore, despite its proximity to mining activity, Prince Albert feels that it has lost out to Saskatoon in terms of business travel, service and supply industries and other businesses that might have otherwise materialized had it been in a position to provide better air service. Also, examples were given of two industries which, because of air service quality, chose not to locate in Prince Albert.

- o airport; related to the above, PWA has carried out feasibility studies which projected 60-62% loading factors on regular 737 service. A license was applied for, but service would only be provided if a new terminal was built as well as a 1000 foot extension to the runway. A new terminal is being planned, after which it is hoped that the runway extension will be implemented.

- o trucking; rather than being an issue, the trucking environment is competitive and aggressive; 27 carriers are licensed to operate in the area. However, the suggestion was made that franchized permits should be reviewed

regularly to ascertain that they are in fact being used and that the franchized routes are compatible with the region's needs.

That Prince Albert is 80 miles from the Yellowhead Highway and approximately 200 miles from the TransCanada -- and the effect this has on rates -- appears to be accepted as a fact of life.

3.4 MANITOBA

3.4.1 Winnipeg Focus Group

3.4.1.1 Overview of Regional Industry and Transportation

The railways were originally built as geopolitical instruments, designed to settle Western Canada and to assist in the development of its vast agricultural potential. In the process, the convergence of what are now known as the Canadian Pacific Railway and Canadian National Railway mainlines was largely responsible for the evolution of Winnipeg as a gateway to the west, and as a major distribution centre. The construction of the TransCanada Highway further reinforced this role. In the words of one focus group participant, transportation made Winnipeg.

Similarly, transportation is a mainstay to the very existence of a region whose major industries, ranked in order of contribution, are agriculture (including agri-business, or farm related equipment manufacture, supply, and service), manufacturing, mining and tourism. Secondary manufacturing, which is regarded as a key to the future, has grown as the result of a stable and adequate work force, a consistency of living, and a strong transportation network. It is believed that this has given, and will give, Winnipeg a comparative advantage.

There is an interesting sidelight to transportation and its effect upon the evolution of Winnipeg. Winnipeg's distribution function has dwindled somewhat according to the focus group participants simply because of the efficiency and speed of the transportation system which has developed. Speed of transit at reasonable costs and economies of scale have resulted in a noticeable trend towards centralization of distribution and warehouse operations, and also manufacturing. Some industries, previously located in Winnipeg, have moved elsewhere. Examples given include Kraft products shipped from the East (and containing no Manitoba dairy products) and the closure of refineries (with refined products now transported from Alberta). The existence of insufficient local markets further contributes to this situation.

3.4.1.2 Key Transportation Service Issues

In light of the foregoing comments, it should not be surprising that the focus group participants' major area of concern is transportation costs. More specifically, trucking-related issues are the most frequently mentioned.[1]

- o transportation rates; this reflects the importance of transportation to a city -- and its industries -- which is situated approximately at the mid point of Canada. This concern is synonymous with a realization that rates determine the competitiveness of the vast majority of industries (agriculture, mining and manufactured goods outbound, and semi-finished goods inbound for secondary manufacturing);

---

1. Note also the extensive work carried out recently by the Task Force Review of Motor Carrier Regulations in Manitoba, and in particular the paper entitled 'Manitoba Motor Carrier Industry -- Problems, Issues and Options' 1983.

- o interprovincial trucking/administration of permits; it is believed that whereas the carrier licensing policy is in theory reasonable, in practice it needs to be administered in a better fashion. Policies developed in earlier years are perhaps no longer suited to the requirements of users and the present-day trucking industry. The suggestion was made that dormant, unused permits should be retracted, and new permits be made more accessible.

- o interprovincial trucking/weight standards; desire above all for uniformity, and secondly for maximizing standards. The latter is tempered by a realization that this would pose problems in that many highways are not built to such higher loadings, and raises the question of who would pay for upgrading. The problem is described as the inconvenience of loading to one province's standards, only to break down the load to meet another province's (and highway's) lower standard, or of shipping a less-than-legal load, therefore resulting in reduced productivity and a higher cost per tonne mile.

Other areas worth mentioning are:

- o air/passenger; dissatisfaction with the dominance of a national carrier (Air Canada) and the effects upon this has upon scheduling, connections and fares. There is a desire for deregulation and therefore increased accessibility of other carriers, resulting in what would be perceived as more competitive service and rates;

- o railway interswitching charges; similar to concern raised in other locations. They wish to see the situation improved, but are otherwise skeptical that anything will in fact be done;

- o fuel prices: The differential between U.S. and Canada is judged to result in a reduction of tourism through-traffic (both bus and car);

3.4.2 Brandon

A telephone interview with the Industrial Commissioner of the City of Brandon produced the following list of issues:

- air; three years ago, Pacific Western Airlines commenced direct flights from Brandon to Calgary and Toronto. Prior to that, Brandon was restricted to regional airlines and shorthaul flights to connecting points. The concern now is that any significant degree of deregulation may result in the termination of these flights. There was also, however, a concern with what are perceived to be costly air fares;

- rail; overall, the service is considered to be good, although the Industrial Commissioner acknowledged that the farm community may have concerns which he is not in the best position to articulate. These would include the occassional shortage of railcars when shipping grain to the Lakehead and the Crow Rate revision. In the latter case, it is felt that wheat farmers knew they would pay more but are otherwise confident that increases in revenues will provide the funds necessary for the improvement of the system, and will therefore ultimately result in better service;

- trucking; believe that they are fairly well served. However, the statement was made that increased access to permits (i.e., the granting of more licenses) would result in improved service to other, smaller communities in the region.

3.5 NORTHWESTERN ONTARIO

3.5.1 Thunder Bay Focus Group

3.5.1.1 Overview of Regional Industry and Transportation

The three major contributors to the economy of Thunder Bay and Northwestern Ontario are:

- forestry and related downstream industries (pulp and paper, kraft, dimension lumber, etc.);
- manufacturing and service industries supporting the resource sector; there has been a 50% increase in the number of these during the last decade;
- the Port of Thunder Bay, the largest in Ontario and the second largest in Canada after Vancouver; cargo (forestry products, grain, and coal) transshipped from rail and truck to water transport.

Changes in the industrial base include the industries supporting the resource sector, a general increase in secondary manufacturing, and an anticipated expansion of mining and mine-related industries. With respect to the Port of Thunder Bay, grain storage as such has decreased, while throughput has actually increased. Movement of commodities to the port, although dominated by rail, has undergone a shift to truck (e.g., newsprint).

Thunder Bay has important recreational assets, and tourism has doubled during the last decade. These recreational attractions are concentrated on winter-related activities; the 1990 World Nordic Championships will be held in Thunder Bay.

An underlying theme which became apparent during the focus group is a feeling of isolation as indicated by comments made regarding their dealings with provincial and federal authorities and policy makers; in addition there was a constant effort to convey the thought that Thunder Bay is part of Ontario and that "we are also here".

3.5.1.2 Key Transportation Service Issues

There are three areas at issue to Thunder Bay businessmen, developers and planners. These are:

- o road/infrastructure; this relates to the movement of resource products, and has a direct bearing upon both the Port of Thunder Bay and tourism. The port appears to have adequate capacity to meet current and forecasted volume demand; the bottleneck, however, is the road and rail system. Although there are some concerns with trucking (service, competition, equipment, etc.) the major issue is the condition of the roads themselves, especially the TransCanada Highway from Thunder Bay west to the Manitoba border, and the highway south to Duluth. With truck traffic increasing, an already overcapacity road network will, it is believed, be pushed beyond tolerance. The port's ability to meet future throughput demands will be hampered, and the risk to safety (competition between commercial and tourist "rubber" traffic) will be augmented. The recently formed Rail Issues Task Force was quick to realize that the key issue facing Thunder Bay is the road infrastructure;

- o air scheduling and prices; general discontent with inadequate service (specifically, inconvenient scheduling) and fares that are perceived to be disproportionately high in relation to other origin/destination routes with higher passenger volumes. The solution is believed to be increased

access by regional airlines with smaller, less costly equipment, providing better scheduling and connections, and reduced and more competitive fares;

- o governmental relations; whether in the context of desired changes to air service, trucking, tourism or other areas, there is a prevalent frustration on the part of local businessmen, planners and developers as a result of their dealings with primarily provincial, but also federal, authorities. Stated quite simply, there is the feeling that they are viewed as the "back of the beyond" and not part of Ontario. Policy revisions, financial assistance, etc. are, they feel, focussed on the major centres to the exclusion of Northwestern Ontario. Furthermore, they sense that they are unable to achieve recognition of their problems by government authorities.

3.6 SOUTHWESTERN ONTARIO

3.6.1 London Focus Group

3.6.1.1 Overview of Regional Industry and Transportation

The focus group's opinion was that London has evolved largely as an alternative and compromise location to Toronto. Long a service centre (first in the financial and insurance fields, but also enhanced by an excellent hospital and the University of Western Ontario), industry is attracted to London by these very same services, its transportation network and, generally, by what is perceived to be an attractive standard of living.

London would appear to have most, if not all, of the inputs necessary for continued and successful industrial development. However, of some concern are perceived deficiencies in the labor force; namely, a lack of skilled tradesmen (e.g., automotive industry), and a less aggressive attitude towards work and less permanancy of employment than is perhaps found, let's say, in Toronto. It is felt that educational institutions are turning out too many skilled white collar workers (including the computer oriented occupations) and not enough "blue collar" workers.

Secondly, and running counter to the preference for London over Toronto some industries have gravitated back to the Toronto area, while others may choose to remain in Toronto because of the size and proximity of markets. Not only are the potential markets larger, but the costs of distribution and sales coverage are less.

Users of transportation in London consider the transportation service network (including rail freight - CL, LCL/pool car and piggyback - and passenger rail, truck, bus, and private automobile modes) to be satisfactory except for air transport.

3.6.1.2 Key Transportation Service Issues

- o air service; generally perceived that the level of service is poor with respect to both passenger and cargo transport. The service provided by Air Ontario (previously Great Lakes Airlines) is considered inadequate in terms of scheduling and frequency, direct flights (therefore requiring connections), quality and size of equipment, and cost. A recent study has shown that the potential air travel market is significantly greater than the current usage of London airport.[1]

---

1. Adequacy of Air Services at London Airport - Executive Summary, prepared for the London Development Advisory Board and City of London Economic Development Commission by R.S. Wallace & Associates Ltd., October 1983.

Possible solutions raised include the use of London airport as an alternative, or satellite, to Toronto for air cargo, and the relaxation of the regulatory environment, thereby allowing greater accessibility by other carriers.

3.6.2 Windsor

Contact was made with Mr. Roman Dzus, Deputy Development Commissioner, Windsor-Essex County Development Commission. Mr. Dzus was concerned that providing one individual's responses to questions posed over the telephone would be too perfunctory a treatment of what he and others in Windsor-Essex County consider to be an important topic. Instead, he requested that he be allowed to table the matter at the Chamber of Commerce's regular Transportation Committee Meeting. This has been done, and the committee will be responding in writing shortly (refer letter, R. Dzus to J. McMullen, March 23, 1984, Appendix C).

It was indicated, however, that air transport will probably emerge as the key issue. Due to the length of its current runways, Windsor A/P is restricted in terms of the size of airplanes that may land there. Both air freight and passengers are being lost to neighbouring Detroit A/P. Lost also are the benefits which would accrue to the Windsor A/P from this freight and passenger volume.

These topics will be treated further in the material to be sent; this will be submitted to DRIE under separate cover upon receipt.

3.7 SOUTHERN ONTARIO

3.7.1 Toronto Focus Group

3.7.1.1 Overview of Regional Industry and Transportation

The area used as the focus of attention for this particular group was Toronto and the urban areas bordering Lake Ontario and stretching from Oshawa to Niagara.

Transportation costs as a percentage of the total value or price of consumer goods distributed within this area are relatively small; this makes them less important as a determinant of location than taxes, labor rates and standards of living. For these reasons, there has been some movement of industry to smaller satellite communities.

The focus group's view was that industrial development in the region would depend on penetrating the U.S. market and in this respect the comparative price, efficiency and regulation of Canadian transportation systems with those of the U.S. are crucial.

3.7.1.2 Key Transportation Service Issues

The major issue of importance to the Toronto participants is transportation policy as it relates to Canada's comparative competitive position with U.S. carriers and access by Canadian manufacturers to U.S. markets. This applies to:

- o air; fares charged by U.S. carriers are, in general, perceived as being less expensive than those charged by Canadian carriers. This impacts upon the tourism market (Canadian tourists frequently fly from American points of origin) and likewise Canadian airline revenues. Because of the importance of the U.S. as a market for Canadian tourists, there is also the desire for greater access to the U.S. by Canadian carriers;

- o rail; the U.S. railways are deregulated and are not required, as is the case with Canada's railways, to publish their rates. It is felt that this puts Canadian manufacturers in a non-competitive position because U.S. shippers know what rail costs must be absorbed by their Canadian competitor, but not the other way around. Shippers will also maximize use of U.S. railways for as much of the linehaul as possible;

- o road/infrastructure; opinion that roadway system is deteriorating due to inadequate maintenance and lack of federal funds, and that we cannot afford to let this happen because of its importance to both tourism and commuter traffic. However, it is felt that the pressure imposed by commuter traffic is relieved somewhat by the extension of the GO Train system from Oshawa through to Hamilton.

Of secondary importance are:

- o truck/licensing; while the trucking industry is generally regarded as adequate and price competitive, there was some concern expressed with the restrictive nature of public carrier vehicle permits. Whereas these are point-to-point permits, it is believed that regionalization of permits would improve service to shippers;

- o marine/conference lines; specific concern raised by CMA with the reduced number of non-conference steamship lines, and the potential vulnerability of shippers and "box" (container) traffic to collectively set conference line rates;

- o dangerous goods legislation; impact of implementation at the local level, and problems of compatability with U.S.;

- o customs; first exposure to Canada for foreign tourist. Needs improvement;

- o interprovincial trucking; non-uniformity of weight standards;

- o VIA Rail; level of service and cost of subsidization deemed unsatisfactory when compared to the success of AMTRAK;

- o Canadian flag marine; judged to be neither economically feasible nor desirable to shipper and taxpayer;

- o Toronto Harbour; with a reduced transportation role, more emphasis needs to be placed on alternative developments for its infrastructure.

3.7.2 Kitchener

The Chamber of Commerce Transportation Committee has been defunct for some time but despite this, the following issues were raised:

- o trucking/rates; freight rates available to Toronto shippers are, on a point-to-point basis, preferable to those obtainable in Kitchener. Not known to what extent -- if any -- they differ, and if so, whether or not this is simply a function of a difference in the competitive environment between the two;

- o rail/passenger; recognizing that Kitchener, because of its proximity to Toronto, does not have a commercial airline service, the view is that a good quality rail service is justified and necessary. The current passenger rail service, while acknowledged as providing fairly frequent service, is not perceived as being the same quality as Toronto's GO system; the equipment (Dayliner coaches) is old and the drab interiors create a bad impression. Furthermore, there is no onboard service available. More people would use the train if they could rely on its schedule; as it is, the train is not always on time.

The need for a good quality passenger rail service is probably the key transportation issue to the residents of Kitchener and to the surrounding communities which it would serve (Elmira, New Hamburg, Cambridge, etc.). VIA Rail recently established a new service to Pearson (Toronto) International Airport; there are, at present, only 2 runs a day and the promotion of this new service is insufficient;

- o air; no scheduled air service is provided to or from Kitchener. Air Ontario experimented with a twin turbo prop service, but nothing materialized. It is felt that a STOL service, Kitchener to downtown Toronto, may be feasible at some point in the future. However, the more immediate and tangible solution for passenger transport would be a good quality passenger rail service.

3.8 EASTERN ONTARIO

3.8.1 Ottawa

A focus group was not held in Ottawa. Instead, interviews were conducted with the Chairman of the Transportation Committee of the Commercial and Industrial Development Corporation (CIDC) of Ottawa-Carleton and with the Executive Director of the Canadian Advanced Technology Association (CATA). Incorporated within the findings are the results of a survey of high technology companies in the Ottawa area conducted in December, 1983 by the Ottawa-Carleton Board of Trade, and provided to the survey team by the CIDC Transportation Committee. (This is reproduced in its entirety as Appendix D of this report).

3.8.1.1 Key Transportation Service Issues

The emphasis in issues presented below tends to be on the hi-tech sector's requirements; it is probable, however, that certain issues, such

as those dealing with air transport, may just as easily refer to business travel in general and to the tourism industry.

The mode of transport which is most topical is air. This is understandable because the hi-tech sector's "products" are low volume/high value, and speed of transport is the major criteria, whether in terms of business travel or the movement of goods.

Issues in air transport that were identified are as follows:

- o carrier/user interface with federal government; industry feels that carriers monopolize the attention of Transport Canada and the Canadian Transport Commission but transport users do not have a similar forum. Furthermore, the carriers should listen to the marketplace more than they are perceived to do at present;

- o service/destinations; the major market potential for the hi-tech sector is considered to be in the U.S., particularly the northeast and midwest. All too often, Ottawa travellers must fly to Toronto and make connecting flights. Regulatory authorities need to recognize this and act acordingly. The often cited example of an Ottawa-Boston service (now in place) exemplifies the identification and successful resolution of a need.

  Generally, main corridor routings (domestic) are regarded as acceptable although Air Canada has reduced service to Montreal. The alternatives are Air Atonabee and VIA Rail, although the latter is perceived as needing increased frequency of departures;

- o airport; although funds were available for an expansion program, and although nothing happened for some time, an expansion program is currently underway. However, the objective of an airport should be to generate revenue and make it as self-sustaining as possible. To do that, one needs additional carriers (and therefore additional landing fees). However, this is perceived to run counter to the current regulatory environment;

- o customs; some indication of complaints regarding quality of service; customs are first exposure to Canada for foreign tourist. Also, there is a need for additional pre-clearance capacity on U.S. destined flights. Although pre-clearance is paid by the carrier, U.S. customs apparently place a high price on their services;

- o air cargo; there is some indication that air cargo movements are limited by availability of right equipment.

3.9 QUEBEC

3.9.1 Montreal Focus Group

3.9.1.1 Overview of Regional Industry and Transportation

Industry is generally well served by transportation services in this region according to focus group participants in Montreal and transportation did not emerge as a major concern.

3.9.1.2 Key Transportation Service Issues

The only transportation service issues which were raised are as follows:

- o north-south rail links; poor north-south rail links were seen as a factor responsible for correspondingly poor tourist business from the United States;

- o container for wine imports; the lack of a special purpose wine container results in damage at sea (due to heat during summer shipping) and diminishes import and export potential. In addition, wine is said to be neglected on the wharf, leading to damage. Concern was raised over uncertainty as to the legal obligation of wine importers, exporters, and shipping companies regarding liability for damage;

- o capacity of air movements westbound from Europe; a lack of capacity makes business travel inconvenient at certain times of year.

3.9.2 Quebec City Focus Group

3.9.2.1 Overview of Regional Industry and Transportation

All participants in the focus group placed transportation first and foremost in importance with respect to regional economic development. However, a brief historical review indicated they felt that Quebec City's strategic location was never sufficiently exploited due to the shift in regional economic development primarily to Montreal and Toronto and to the provision in these areas of outstanding transportation services. The general consensus was that a low priority was given to the Quebec City region when it came to regional economic development and to the provision of adequate infrastructure, especially in the area of transportation services. Recently, decentralization of government services, a recession and the exodus of firms from the region are perceived to have made a bad situation worse. The Quebec Chamber of Commerce hopes the improvements it is seeking in transportation services will have a positive impact on tourism and convention planners, in addition to attracting branch

offices, hi-tech manufacturing and industries which would benefit from the availability of low cost electricity and of port facilities (exports to international markets).

3.9.2.2 Key Transportation Service Issues

Issues were specifically mentioned in the areas of air and rail passenger transport services, truck freight services and marine facilities.

- o air passenger; these services are judged inadequate. Perceived problems relate to flight frequency, rates and the number of connections required for Americans and Europeans alike to reach Quebec City. It is hoped that current improvements to the Quebec Airport (runway length and customs services) will at the very least make Quebec City accessible to international carriers and lead to an increase in charter flights to and from Quebec City. These improvements in infrastructure will do little, however, to resolve perceived problems related to flight frequency, rates charged by carriers and the transit time to major cities in the U.S. It is believed that S.T.O.L. services could, to a degree, address problems related to flight frequency and service to the U.S. and thus make the region more accessible to tourists and businessmen alike. Ease of access to Quebec City is considered a fundamental problem and a hindrance to the economic development of the region;

- o rail passenger; for many years it was felt that travellers only considered rail passenger service as a last resort. Increased transit time due to the priority given to freight trains, the train station location eight miles from the downtown core, and passenger comfort were cited as problem areas. A new station in downtown Quebec and revised routing will address the problems of accessibility and, to a degree, transit time. However, modernization of equipment has yet to be addressed by the carriers;

- o marine freight; concerns were voiced in the following areas:

  - the Quebec Port's status as a base port has been the subject of numerous studies in past years;

  - the capacity of the port will need to be expanded in the near future in order to avoid bottlenecks and the diversion of traffic to other ports.

  These problems are currently being addressed by the Quebec Chamber of Commerce and Société Interport. However, it is believed a concerted effort at all levels of government will be required;

- o truck; the need for improved infrastructure was identified. New highways are required to improve accessibility by the region's industries to the U.S., to the Asbestos mining region and to Montreal markets.

3.9.3 Sherbrooke

The industrial commissioners of both the City of Sherbrooke and the City of Lac Mégantic were interviewed by phone. A major attempt is being made, particularly in the Sherbrooke area, to attract hi-tech industries as a means of diversifying the economic base. At present, employment is largely dependent on the textile and the forestry industries.

In the opinion of those interviewed, the Sherbrooke region is adequately serviced by the various transport modes, with air transport being the exception. Roads to the U.S., (the City of Sherbrooke is only 48 kilometres from the U.S. border), Montreal and Quebec City were described as excellent. Trucking services are assured by ten major carriers. Similarly, rail freight services are provided by both CN and CP.

Commercial passenger transportation is limited to bus service, although this was also described as excellent. Rail passenger transportation service was terminated a few years ago for economic reasons. The transportation issues associated with air services are:

- Sherbrooke airport; 13 kilometers from the downtown core and is considered remote. The runways are 6000 feet in length, and the airport therefore has the ability to handle DC-9 and 737 aircraft. None of the Canadian national carriers, however, service the area with scheduled flights;

- Sherbrooke/Boston service by a U.S. carrier has been terminated for economic reasons. Passenger service is limited to charters. Attempts are reportedly being made to resolve this stiuation by providing STOL services to Boston and Quebec City.

In Lac Mégantic, the following services are perceived as requiring improvement or simply being of importance:

- rail; more competitive rates are required for local manufacturers in light of the applicability of M.F.R.A. rates in the adjacent Beauce region, and the competitive advantage this gives to the Beauce region.

- rail passenger; provides the only adequate service to Sherbrooke and Montreal.

3.10 NEW BRUNSWICK

3.10.1 Moncton Focus Group

3.10.1.1 Overview of Regional Industry and Transportation

Although focus group participants identifed a range of factors that bear on the economic fortunes of the region, it was agreed that transportation represents the most fundamental ingredient in any recipe for regional economic competitiveness for the following reasons:

- small and scattered population; the region cannot by itself sustain a significant level of secondary manufacturing or consume the primary products produced in the region; it must, therefore, market outside the region;

- greater distance from main markets; because producers lack proximity to their major markets, they face higher transportation costs than those incurred by more centrally located producers;

- greater incidence of transportation costs; producers incur a higher incidence of transportation costs than their competitors. Indeed, transportation accounts for a greater share of total costs for both inbound raw materials and outbound finished products;

- greater "absorption"; to compete, industry must absorb all, or a large share of line-haul transportation costs, especially when shipping to central Canadian markets. To remain viable, industry must also absorb warehousing costs;

- more business travel; distance from markets means that sales offices and often head offices must be located outside the region. This causes regional managers to incur a relatively greater share of expenses for business travel, diminishing further still their competitive edge;

- greater economic sensitivity; recession compounds the importance of transportation; during down-turns in the business cycle, cost-cutting measures often lead industrial managers to shut down plants and sales offices in geographically peripheral regions.

3.10.1.2 Key Transportation Service Issues

There are five major issues:

- air services; the emergence of Halifax as the "hub" of air services in the Atlantic provinces has led to inconvenient connections and second-rate equipment to and from points in New Brunswick. Business travel involves hours of wasted time, leading businesses to abandon the region and dissuading businesses outside the region from establishing in New Brunswick. Participants viewed deregulation of entry as a possible source of relief;

- freight rate assistance; although freight rate subsidies were viewed as the single most important and successful aspect of the federal government's transport policy for the region, recent cuts in intra-regional subsidies -- and potential further cuts -- were viewed as highly dangerous to the economic survival of many industries;

- o user fees and cost recovery; although participants endorsed the basic rationale underlying the federal government's emphasis on setting user fees to cover the costs of building and improving public infrastructure facilities, they also emphasized that the rationale is not necessarily valid in thinly populated regions. In this region, participants felt that the principle of full cost recovery is inappropriate -- that regional economic development objectives must take precedence over the objectives of building only financially viable facilities;

- o motor carrier deregulation; fearful of a trend toward concentration in the trucking industry, a number of focus group participants favoured reform of the region's motor carrier regulations in order to facilitate the establishment of additional carriers and thus greater competition and lower rates. Specific suggestions included the simplification of licensing procedures and greater uniformity among the Atlantic provinces.

3.10.2 Saint John

Reflecting a diversity of opinion in the Maritime Provinces regarding the importance of transportation, our contact in Saint John did not view transportation as the prime factor in the region's economic well-being. Transportation concerns were nevertheless raised. Among these, certain rail related problems ranked highest, followed by concerns over port pricing, aviation services and road conditions. These concerns were described as:

- o rail rate equalization; rate equalization by location rather than by mileage -- a CN operating policy -- is viewed as unfairly detrimental to the Port of Saint John, diverting flour, grain, and container movements to Halifax. Mileage based rates would reflect Saint John's locational advantage and thus yield greater traffic to the port;

- o port pricing; port user fees at facilities throughout Canada were viewed as well out of line with actual costs. Undercharges at St. Lawrence ports in particular are viewed as unfairly diverting traffic from the Port of Saint John;

- o aviation; rerouting of a Boston flight through Yarmouth is seen as detrimental to Saint John's competitiveness in high technology markets by lessening the city's accessibility to and from the Northeastern United States;

- o roads; spring weight restrictions should be diminished for certain roads and commodities, according to our contact in Saint John. More four-lane roads are also perceived as being needed to improve transportation efficiency in the region.

3.11 NOVA SCOTIA

3.11.1 Halifax Focus Group

3.11.1.1 Overview of Regional Industry and Transportation

Participants in Halifax identified the price and quality of transportation as a key determinent of regional economic development. The chief non-transportation factor in the Nova Scotian economy was seen as off-shore oil and related development. However, transportation problems were viewed as the chief barrier to reaping the full benefits of such development.

More generally, prospects for the region were described as "uneven", with the Halifax-Dartmouth area likely to achieve the greatest growth (chiefly through exports and food processing) while outlying areas -- those more dependent upon the fishing industry -- could suffer severe problems. According to the Canadian Manufacturers Association (representing 100

manufacturers of all sizes in the region) exports are leading the regional economy while metals, ship-building, and fish processing are lagging badly.

3.11.1.2 Key Transportation Service Issues

Five transportation concerns were ranked highest among the numerous issues discussed by the focus group. These are:

- o motor carrier regulation; at present, the province is viewed as suffering two simultaneous regulatory problems. On the one hand, the province imposes regulatory costs through licensing and other procedures. On the other hand, the province does not regulate rates. In turn, carriers have introduced "tariff bureau" or fixed rates. Participants saw the need for either complete deregulation or rate regulation. Much concern was also expressed with non-uniformity in motor carrier regulations among the Atlantic Provinces;

- o concentration in marine shipping; participants were uniformly concerned with the dramatic reduction in the number of ocean shipping lines and the dominance of the so-called "conference lines". Freight forwarders in particular saw the need for an international control body to oversee the activites of the conference lines;

- o concentration in intermodal ownership; substantial concern was expressed over intermodal acquisitions, such as CNR holdings in Cast Shipping Lines and various trucking companies. Emphasized was the need to recognize a distinction between intermodal operations -- a good thing -- and intermodal ownership -- a bad thing;

- o lack of public warehousing; freight forwarders emphasized the lack of public warehousing, especially for refrigerated goods, as a cause of diminished use of Maritime ports. A need was seen for federal subsidy for warehouse development;

- o unbalanced and distortionary user fees; free use of navigational aids on the St. Lawrence was viewed as distortionary, unfairly diverting shipping from Atlantic to St. Lawrence Ports.

3.11.3 Sydney

Although transportation is viewed by the Cape Breton Development Corporation as a key element in its economic development, the regional economy is seen as having partially compensated for its natural locational disadvantage by shifting to the manufacture of high value products -- those associated with relatively low transport costs. Thus, among the non-transportation factors that bear heavily upon the region's prospects for expansion, the market demand for high valued goods ranks high. And because this demand is typically cyclical, the strength of Cape Breton's economy hinges upon the stability of economic conditions throughout the nation.

Despite adjustments which the area has managed to achieve in relation to its transport constraints, concerns remain. These are summarized below:

- o air; air services are viewed as inadequate, particularly with regard to the fishing industry and business travel. In particular, the region cannot compete effectively in the fresh lobster and fish market due to the dearth of direct flights to central Canada, the U.S. and Europe e.g., Norway can make fresh fish exports to Seattle an economic proposition while Cape Breton cannot, simply because there are no direct connections. Intra-regional business travel

to and from Sydney is regarded as highly inconvenient by air -- many find driving faster and more reliable. Yet the need to drive itself leads many businesses to abandon the area as a location prospect.

- o road; trucking services are viewed as adequate, largely because the area is rich in back-hauls. Back-haul rates are not published, however, making it difficult for shippers to anticipate their costs. The need for a mechanism for standardizing and publishing these rates was highlighted. Bus services were viewed as extremely good, and roads -- with the exception of Spring weight restrictions -- were viewed as adequate;

- o rail; as a major coal producer, Cape Breton relies heavily on rail services. These are viewed as adequate for bulk movements (because coal shipments allow wide "windows" for unreliability); but producers are shifting gradually to water as the more efficient mode. VIA passenger services are viewed as generally poor, leading most users of intercity ground passenger transport to shift to bus;

- o marine; the major problem for the Port of Sydney is its lack of oil bunkering facilities. Provincial tax barriers to the establishment of such facilities need to be resolved -- through establishment of the area as an International Trade Zone -- before they can be introduced.

3.12 PRINCE EDWARD ISLAND

3.12.1 Charlottetown (Telephone Interview)

3.12.1.1 Importance of Transportation

This region was viewed as having adequate transportation services virtually across all modes serving the area. Success was attributed in

large measure to an effective Transportation Committee within the Chamber of Commerce.

Representatives of all the major modes are represented on the committee and any major shifts in service that may be contemplated are raised and negotiated. No major concerns were raised in our telephone interview.

3.13 NEWFOUNDLAND

3.13.1 St. John's Focus Group

3.13.1.1 Overview of Regional Industry and Transportation

Moving east from Montreal, the emphasis heightens on transportation problems as a constraint to regional economic expansion. Nowhere was this emphasis given greater weight than in Newfoundland. Echoing the findings of the Sullivan Commission in 1978 and of the MacPherson Commission before it (1961), our focus group participants stressed that a population of 557,000 persons living in some 650 communities scattered along 1,200 miles of coastline make the provision of an efficient system of transportation exceptionally difficult, if not impossible. It was argued that the interprovincial road system has already caused as much concentration of population as is ever likely to materialize and that transportation is thus always likely to remain the region's number one concern in matters concerning regional development. Participants stressed transportation to the exclusion of other regional economic issues.

3.13.1.2 Key Transportation Service Issues

Against this background, focus group participants were unanimous in the view that an inefficient allocation of resources among modes represents the overriding constraint to improved services and lower rates for shippers in Newfoundland.

Moreover, this lack of efficiency was seen stemming directly from government policies -- both provincial and federal -- regarding subsidies between alternative modes of transportation. A major opportunity for improvement was seen in the upcoming May 1985 Federal-Provincial review of transportation policies for Newfoundland.

In the context of efficiency focus group participants throughout the Maritime Provinces felt that rail subsidies distort the efficient allocation of resources to the least-cost modes, namely ship and, to a lesser extent, to trucking. In particular, the heavy government subsidy given to Terra Transport (the CN rail division responsible for rail service to Newfoundland) is seen as detrimental to the container shipping business (Atlantic Container Express - a private concern) and to trucking companies. A major fear is that Terra Transport is engaging in predatory pricing -- that trucking and container modes will largely evaporate under competition from Terra Transport, and that Terra will then hold monopoly power over rates and service levels. Although the original intention of the subsidy to Terra Transport was to improve the efficiency of rail through containerization, in fact many box cars are still in operation and the subsidy has been used instead to capture truck traffic through rate wars. Since CN "will always require subsidy", no economic justification for this could be seen.

Other key transportation concerns raised were:

- lack of an effective provincial-federal dialogue; this lack of dialogue was viewed as responsible for the irrational and distorted treatment of the various modes serving Newfoundland. A new federal-provincial coordinating body was recommended as a means of analyzing the transportation system as a whole;

- o user fees; participants felt that more full cost recovery from rail operations (e.g., diminished subsidies to Terra Transport) would result in a more efficient mix of traffic among modes. In particular, more movements would shift to direct water modes, seen as the least costly method of transportation from the mainland to Newfoundland;

- o tourism and the water transportation problem; "Canada ends at Halifax" is a frequently encountered impression among tourists, according to focus group participants. A major cause of the problem was thought to be high rates and very poor service offered by CN Ferry. Services are regarded as being generally inadequate to deal properly with bus tours. Ferry terminals require modernization; at present, passengers are handled very slowly and inefficiently.

3.13.2 Cornerbrook

Cornerbrook was viewed in much the same light as St. John's with regard to the significance of its locational disadvantage and transportation dependency.

Emphasis on particular transportation concerns shifted in Western Newfoundland, however, with the focus being on the following:

- o air; a sharp decline in the quality of Eastern Provincial air service in recent months, including the replacement of jet with turbo-prop equipment, is viewed as highly detrimental to fish exporters. Further cuts in jet service (seen as imminent) would mean the loss of significant sales of fresh fish. The loss of jet service is also extremely damaging to the business community. The region is formally opposed to airline deregulation, arguing that the freedoms permitted air carriers would certainly mean the loss of all air services to "thin" travel markets, such as Cornerbrook - Stephenville;

- o marine; in late 1982, Atlantic Container Express terminated all direct water freight services from the mainland to Cornerbrook, leaving the area entirely dependent upon trucking and Terra Transport. This leaves the region highly vulnerable to CN strikes or other unforeseen events as well as the possible rate implications of diminished competition.[1]

- o roads; not enough priority is now given to road maintenance. In particular, existing road beds are not suited to the increased truck weights of recent years, and maintenance schedules have not kept pace.

3.13.3 Goose Bay

Accessible by water for only part of the year, by a road system that is only just emerging, and by limited aviation services, Labrador ranks as one of the most difficult regions to serve in the nation as regards transportation. Our interview with the Happy Valley Development Corporation in Goose Bay indicated that transportation users view progress on the TransLabrador Highway project to be satisfactory. However, significant concerns were voiced in relation to water and air transportation in the region:

- o marine; the absence of year-round service by water transportation is seen as the major barrier to attracting manufacturing industry to the region and to maximizing regional income through exploitation of forestry and other indigenous resources. Although proof of the technological feasibility of year round service -- through application of state-of-the-art ice-breaking techniques -- has been established, the commercial viability of year-round service

---

1. The Department of Regional Economic Expansion recently issued a report on the situation, entitled "Cornerbrook Freight Transportation Service", October 1983.

remains at issue. The region views the federal government's application of commercial criteria as creating something of a paradox, however, arguing that while proof of commercial viability requires a certain level of demand for service, the demand will not materialize unless the infrastructure is first in place. Moreover, some believe that a sufficient level of pent-up demand does actually exist to justify year-round port service (for the movement of forest products, mainly), but that the ice-breaking decision has become politicized;

- o air; aviation services are viewed as inadequate and inequitable. Inadequacies arise out of a lack of airstrips along Labrador's eastern coast, a problem whose remedy lies in the success of the federal government's airstrip program. Inequities are seen to stem from an imbalance in the allocation of federal subsidies. That is, where water service -- which is subsidized -- ceases in mid-November due to ice, aviation -- which is not subsidized -- remains the sole alternative. It is argued, therefore, that Labrador is arbitrarily penalized, that air services ought to be subsidized as well, and that were it not for the ice-problem, the region would receive year-round subsidized transportation.

3.14 NORTHWEST TERRITORIES AND THE YUKON

3.14.1 Yellowknife

Contact was made with Mr. W. MacAleer, the Director of the Northwest Territories Chamber of Commerce, and also a member of the recent Priorities North Committee which assessed those factors, including transportation, impinging on the development of Yellowknife and the NWT;

Mr. MacAleer first held discussions with several members of the business community.

Both the NWT and the Yukon are extremely large land areas consisting of a few small communities separated by considerable distances. Both regions are largely dependent for their economic well-being upon the mining sector. Both cities are the major service centres and transportation hubs for their respective regions and both rely heavily upon transportation, whether for the transport of goods and passengers into the North, between northern communities, or south to the "outside". Transportation, by deduction, is itself a major industry within the North.

Transportation issues and concerns of importance to the NWT were identified as follows:

- o air fares; prices are viewed as being disproportionately high in comparison to routes between major centres to the south;

- o air schedules; scheduling of flights to and from Yellowknife is perceived as being oriented to passengers coming from the south, rather than to the needs of territory residents flying out; e.g., PWA's Edmonton - Yellowknife flight leaves Edmonton early in the day, while the return flight from Yellowknife departs late in the afternoon. For the Yellowknife traveller heading south and then, let's say, making a connecting flight east, this results in a late arrival at destination or perhaps even an overnight stay enroute;

- o air service to smaller communities; communities further north and off PWA's regular routes are served by regional carriers. The perception is that a priority is placed upon high revenue generating freight over passengers. As a result, reliability of schedules is not that good, and incidences of communities being overflown for no apparent reason other than, it is suspected, expediting freight delivery have been documented;

- o commercial vs private airplanes; commercial airlines are perturbed by the number of private aircraft, owned and operated by oil and gas exploration and other companies, flying to the north. Passengers carried in both directions are viewed as lost revenue to the commercial airlines;

- o airports; Yellowknife Airport itself is a major concern. Although studies have apparently shown that the facilities are undersized, and a request has been made to the federal government for funds with which to carry out an expansion program, no action has yet been taken. In contrast, airports of small communities (which fall within the jurisdiction of the Territorial government) are considered as being in good shape;

- o road/infrastructure; at several locations, including Yellowknife, Fort Simpson and Inuvik, the roadway serving each of these communities is interrupted by a river. River crossing is achieved by ferries. Lobbying has been carried out to have bridges built (capital funds for roadways fall under federal jurisdiction, while operating expenses are Territorial). It was reported that bridges would be cost effective; savings to be realized include the current cost of operating and maintaining the ferries, and also savings to retail merchants and consumers either as a result of not

having to inventory additional goods to cover ferry service disruption and closure, or avoiding the additional cost of air freight.

The Mackenzie Highway to Yellowknife is eventually to be paved; this is taking place in stages, although slowly;

- road construction; a current issue in the NWT relates to the further development of mineral resources and the construction of new roads. One school of thought proposes that if there would be more roads, there would also be more mining activity, especially east and north of Yellowknife. However, the question -- unanswered and therefore at issue -- is who will pay for these roads? Should it be the users themselves, or should the cost be funded by the public purse? And if the latter, which government -- territorial or federal -- would assume responsibility?

- trucking; a major problem with trucking operations in and out of the North, which is reflected in the rates charged users, is that the backhaul south is customarily empty. Gold mines have started to use trucks to move spent arsenic (used in the gold extraction process) south, rather than simply dumping it in the ground as was done in the past (reclaimed arsenic apparently is used in the U.S. in a rubber manufacturing process). Other ways of utilizing this empty backhaul need to be identified and researched.

Perhaps the overriding transportation issue and concern in the Northwest Territories, and one which affects each of the above items, relates to the increased interest in the mining and oil and gas sectors, and the question raised as to how the necessary transportation infrastructure will be provided. More to the point, what transportation infrastructure

should be provided, and if under governmental auspices, what are the relative roles and responsibilities of both the territorial and federal governments? At the time of writing, it is understood that the Department of Indian and Northern Affairs is possibly in the process of contracting for a study which will identify issues in Northern transportation, and more specifically, assess and recommend options for transportation policy formulation and administration.

3.14.2 Whitehorse

Contact was made by telephone with the Whitehorse Economic Development Commission and the Chamber of Commerce.

The economic well-being and development of the region has been characterized by severe fluctuations; key features include the gold rush in the early part of the century, followed by exploitation of the Whitehorse copper belt in 1910, and the building of the Alaska Highway during World War II during which time Whitehorse's population of only several hundred was augmented by some 40,000 U.S. Army Engineering Corp personnel.

Whitehorse itself exemplifies the boom and bust cycles of community development typical of the resource based frontier economy in the Yukon, a pattern which will in all likelihood continue. The City of Whitehorse is the transportation, mining, service, commerce and trade, education, and governmental centre of the Yukon and as well a portion of northern British Columbia. It's population of 14,200 (1982) is approximately two-thirds of the Yukon total.

Mining is currently in a slump, and the Cyprus Anvil lead/zinc mine at Faro closed in 1982 and then re-opened in May 1983 at a much lower level of operation. This also resulted in the closure of the White Pass Railway between Whitehorse and Skagway, Alaska, previously used for the transport of ore to tidewater. Tourism makes an important contribution to the economy during a brief, 4-month summer period. Beaufort oil and gas exploration and the speculated development of the Alaska Highway gas pipeline will, it is hoped, lead to further growth in the future.

Transportation issues of importance to Whitehorse and the region may be summarized as follows:

- o White Pass Railway; built originally during the Klondike gold rush to haul supplies from tidewater over the treacherous White Pass to the Yukon River, the railway later became the means of transporting ore from Whitehorse to Skagway, Alaska. Owned privately by White Pass Railway, the line was shut down in 1982 due to the closure of Cyprus Anvil Mine. The improvement of the roadway between Skagway and Whitehorse permits the more economical transport of goods and supplies by truck, although weight limitations are mentioned as a problem. White Pass, which also dominates the trucking industry of the region (and which receives no subsidy for rail operations), has no intent of reopening the rail line.

  Concerns raised by the termination of rail service include the effect upon tourism (taking a boat to Skagway and then rail to Whitehorse was an important tourist attraction; the volume of tourists, however, has not in fact decreased) and railway- related employment in Whitehorse. The impact on Skagway's workforce is, however, apparently more severe;

- o Alaska Highway; the highway comes under the jurisdiction of the federal government but is maintained by the Yukon government's Department of Highways. It is the major transportation route linking the state of Alaska and the Yukon with the rest of Canada and the U.S., and is therefore important in terms of both goods movement and access to the region by tourists. The highway is being improved e.g., BTS, or bitumen, treatment of the surface; extension of green belt on both sides; control of development; reclamation of gravel pits; etc. all of which recognizes the need to protect and foster this transportation asset;

- o Whitehorse Airport; constructed during World War II, the airport is a major regional transportation facility for the entire Yukon Territory. Outdated facilities and infrastructure are currently being addressed by an airport expansion plan including new terminal building, parking, access road and lengthening of one of two runways to accommodate larger jets.

  Overall air service is not an issue in light of these improvements; some cutbacks in scheduling (Whitehorse is served by CP Air and PWA) are acknowledged as a sign of the times and economically necessitated.

Transportation, in terms of the major links to the "outside" described above, is essential to the livelihood of the Yukon. Similarly, transportation as a service industry is a major contributor to the economy of the Yukon. One suspects that, in the Yukon, the outlook upon transportation is more one of preserve and protect what is there, rather than striving for bigger and better services and infrastructure.

4.0 SUMMARY AND CONCLUSIONS

4.1 SUMMARY OF TRANSPORTATION SERVICE ISSUES BY MODE

Whereas Section 3.0 described transportation service issues and concerns by region, the following section will summarize those issues and concerns by transport mode. The approach taken is to first rank each of the transport modes according to the frequency with which it was mentioned by survey respondents as being an issue area or characterized as providing inadequate service. The issues judged by the participants to be of most importance within that mode are briefly described.

A synopsis of issues by mode of transport is considered preferable to one which is based on either shipper size or industry sector distinctions. These alternative methods of presentation were reviewed but discounted as not feasible. Any attempt to distinguish issues by the size of the transport user (e.g., a categorization by bulk commodities vs manufactured goods; by CL/TL and LCL/LTL classifications[1]; or simply by the size of the firm itself) becomes somewhat vague with the issues transcending any such boundaries. For instance, inadequacies in passenger air service will affect both small and large firms alike, while rail or truck rate issues may be of equal importance to shippers of manufactured goods, regardless of the size of their respective shipments.

Distinctions by industry sector are equally problematical. As with considerations of size, certain issues transcend sectoral boundaries while, it is true, others relate only to a specific industry sector. Port costs or insufficient capacity in rail infrastructure impact upon both resource and manufacturing industries, while the issue of whether or not to provide new roads in the Yukon is unique to the question of new mines development.

---

1. CL = carload (rail); TL = truckload; LCL = less than carload; LTL = less than truckload.

The ranking of transportation modes is not to be taken as being synonymous with a ranking of the impact any given mode and service has upon a region's economic and industrial development. For example, airline passenger service has a bearing upon all locations surveyed and, all things considered, therefore has a greater probability of being mentioned. In comparison, marine passenger service (ie. ferries) and ports are germane to a relatively few locations, and therefore have less probability of mention. To reiterate, this is simply an indication of which modes are of importance to the country as a whole, rather than to any one region. Furthermore, this importance is subjective in nature; it is not the intent of this report, nor is it possible to translate the preceived importance of a mode into a dollar value which, in turn, indicates the impact of an inadequacy upon the region's economy.

The results of this exercise are shown in Table 4.1 To the left are shown the transport modes in which we are interested. The order used is in accordance with the sequence used in the tables in Volume 2 - Survey Findings. Each mode could conceivably be further broken down, where appropriate, into passenger service and price, freight service and price, infrastructure, and regulatory matters. However, in many instances there is an interplay between regulatory, infrastucture, and service and price considerations which makes the allocation of respondents' comments to one or another of these sub-categories somewhat arbitrary. Therefore, the ranking will be based solely upon the mode itself, while further identification of the areas of concern will be highlighted in the text to follow.

In the second column, the transport modes are ranked according to their frequency of mention. If a particular mode was mentioned as a "problem" area (i.e., inadequate service) during any given focus group, this is counted as one, and only one, mention, regardless of how many individual aspects of that mode and service were discussed, how many times they were raised during the focus group, or whatever number of participants raised an issue.

TABLE 4.1: APPROXIMATE RANKING OF TRANSPORT MODES BY FREQUENCY OF MENTIONS

MODE	RANKING	MAJOR ISSUE AREAS
Air	1st	Passenger Price and Service
Truck	3rd*	Regulatory Environment and Infrastructure
Bus	5th	Minor mention of Road Infrastructure and Fuel Prices
Automobile	4th	Minor mention of Road Infrastructure and Fuel Prices
Rail	2nd	Regulatory Environment and Passenger Price and Service
Marine	3rd*	Regulatory Environment, and Cargo and Passenger Price and Service

* Approximately an equivalent number of mentions.

4.1.1 Percieved Importance of Transport Modes

1. Air

The air mode in general, and air passenger price and service in particular, were by far the most frequently mentioned areas of concern. All aspects of passenger service were raised, including fares, frequency of flights, routes available, connections, adequacy of equipment, etc. There was some distinction apparent between smaller and larger centres in terms of the causes of concern. Smaller, and especially remote locations, were concerned with what they perceived to be disproportionately high air fares, infrequent departures/arrivals, and the lack of direct flights (with the necessity, therefore, of making time-consuming and inconvenient connections). Inadequacy of service was translated as a drawback in attracting new business to certain areas and a hindrance to tourism. In many locations, greater access by regional carriers using smaller equipment was seen as preferable to a national carrier with larger, more costly equipment.

The larger centres were characterized more by concerns with access to U.S. markets, especially as this pertains to tourism.

Regulatory considerations, which are interwoven with aspects of service, were of importance to all locations, with most expressing a desire for some degree of deregulation. This is qualified by comments from many participants that some locations, however, would need to be classified as essential services, or else what little service those locations have would be jeopardized. This outlook is more typical of smaller and more remote locations, and points in northern Canada.

2. Rail

Although there were numerous concerns expressed with rail freight price and service, issues which fall under a regulatory heading surpassed

these. Perhaps the key concern is with the difference between Canadian and U.S. regulations, and the effect this has upon the competitiveness of Canadian shippers and their ability to penetrate U.S. markets, particularly in the case of the mining and forestry industries. Other areas frequently mentioned include Maritime freight rates, Crow rates (now revised, and perceived as leading to an improvement of trackage and other infrastructure problems in the West), interswitching charges, and dangerous goods legislation (again in terms of compatibility with U.S. standards).

Opinions varied as to whether or not longhaul passenger service is in fact justified or needed. Local service on heavily travelled corridor routes, and particularly the GO train system, Oshawa to Hamilton, were however favoured. Putting aside questions of justification and subsidies, the consensus appears to be that VIA Rail's service is wholly inadequate as it stands, with criticism being levelled at schedule reliability, equipment, and onboard service. In most areas, the sector of the economy seen to suffer the consequences of this inadequacy is tourism.

3. Truck

Regulatory matters are perceived as being the major issue with respect to trucking operations. Licensing of trucking operations is a provincial jurisdiction and therefore the concerns are likewise focussed on provincial regulatory practices (degree and type of regulations, administration of permits, etc.). Differences in weight regulations among provinces was perhaps the one most frequently mentioned problem area. Problems in the adaptation to dangerous goods legislation at the local/municipal level were often raised as well.

Issues concerning infrastructure was the second most common area of concern. These ranged from concern with the state of roadway repair (e.g., Toronto's road network) and capacity limitations (TransCanada Highway and its impact upon the Port of Thunder Bay) to the issue of whether new roads should be developed as a prelude to mine commercialization in the North.

3. Marine

Issues and concerns regarding the marine mode were distributed more or less equally among freight, passenger, infrastructure and regulatory considerations. Freight issues (competitive rates and routing of containers through U.S. ports) center on conference vs non-conference line considerations which, due to the Shipping Conference Exemption Act, are, in effect, also regulatory in nature. Regulatory issues also included the question of a Canadian deep-sea fleet (consensus of opinion is that this would be very inadvisable), and base port classification and port pricing. Port costs in comparison to those incurred at U.S. ports, and the effect these have on overall transportation costs and competitiveness in international markets, is also a specific area of concern.

4. Automobile

It is the effect of the adequacy of road infrastructure upon automobile travel — and specifically tourism — that is of importance. Examples of specific areas of concern were National Parks roadways (eg. Banff), the Yellowhead Highway, and again the TransCanada Highway between Thunder Bay and the Manitoba border. Capacity is the general area of concern, with safety specifically mentioned in several instances. In addition, the differential in gasoline prices between Canada and the U.S. was cited as causing a drop in road tourist traffic.

5. Bus

The bus mode was generally perceived as being adequate. As with automobiles, the issues raised related to road infrastructure and fuel prices, and their effect upon the tour bus business.

4.2 THE NEED FOR EVALUATION TOOLS

Federal policy and program initiatives in response to the regional concerns outlined above can take various forms, including direct outlays for capital and operating expenditures and non-cash transactions such as loan guarantees and tax exemptions. Since 1978, such policy and program decisions have been funnelled through the federal government's Policy and Expenditure Management System (PEMS). Within this system, overall expenditure limits called "envelopes" are established and within each envelope resources are allocated among competing inter-and intra-Departmental claims. The Department of Regional Industrial Expansion is assigned to the Economic Development envelope and competes for funds with the Departments of Agriculture, Communications, Consumer and Corporate Affairs, Labour, Science and Technology, and Transport.

In addition to fostering competition between Departments, the PEMS system also requires that any departmental initiative, whether to continue an existing program or to promote a new policy, be demonstrably consistent with the government's objectives and priorities and that it provide the most cost-effective means of achieving the stated objective. Both the Treasury Board and the Ministry of State for Economic Development are involved in judging the merits of competing claims for the limited resources within the Economic Development envelope; the onus, however, lies with the Department of Regional and Industrial Expansion to analyze the options and make the best possible case for its program and policy requests.

Thus, while many initiatives could conceivably flow from the issues outlined in this report, limited resources and competing claims on those resources are certain to restrict the number which would actually be funded. This makes it imperative that any initiatives that are considered by DRIE be analyzed in conformity with Treasury Board and Ministry of State for Economic Development requirements. Such requirements, as stated in Government Circular 1983-25, include:

- o the reasons for the project, including the kind and level of service or capability to be initiated, developed or maintained;
- o a thorough options analysis, including, if appropriate, a full life-cycle costing for each option examined;
- o the total estimated cost in current and constant dollars, the expected completion date, a general description of the end product and the estimated socio-economic benefits;
- o evidence of interdepartmental consultation relevant to the project's contribution to other government programs;
- o any policy issued or institutional changes involved, or any impact on existing or potential legislation.

Without adequate evaluation tools, assessments of initiatives that would be subject to the scrutiny of the PEMS process are difficult to support. The issues outlined above involve difficult analytic questions; for example, the relative advantages of direct subsidies versus deregulation in fostering less expensive, higher quality transportation in outlying communities.

Evaluation tools do exist for this purpose, however. These include regional input-output analysis, industrial complex analysis, and a host of other techniques that, with adequate data, can shed light on the relative costs and benefits of the many possible initiatives available to DRIE. It is recommended here that such techniques, and the data needed to support them, be explored by the Department of Regional Industrial Expansion as a matter of priority.

4.3 ISSUES RECOMMENDED FOR FURTHER STUDY

At the outset it was stated that this report should be viewed as an "issues document". By identifying the numerous issues and concerns of importance to users of transportation services we have merely touched the tip of the iceberg. The study approached the matter from the perspective of the user, and it was therefore not possible to realistically assess either the implications of each and every issue with respect to economic and industrial development, or the relative importance of each issue in this regard.

However, having ranked transportation modes in terms of perceived importance (as discussed in Section 4.1) and having identified the need for analytic tools with which to evaluate initiatives in the area of transportation services, it would seem appropriate at this point to identify those issues which, for reasons described below, may lend themselves to further study -- or, at the very least, should be monitored in light of their potential for impact upon economic and industrial development.

The whole array of issues and concerns presented in Section 3.0 was assessed using two general criteria:

- to <u>exclude</u> those issues which have been in existence for some time and which have been the subject of numerous

studies and initiatives in the past (e.g., VIA passenger rail service, the debate over of a Canadian flag deep-sea marine, etc.).

- to include those about which something could conceivably be done that would benefit transportation service users -- and therefore the economic and industrial development of the region(s) concerned.

The issues are selected without regard to either the respective mandates of federal departments or whether they fall within the jurisdiction of municipal, provincial or federal governments. Nor are the issues necessarily restricted to any one region. In fact, most transcend regional boundaries; charges levied at a particular port not only effect the throughput of that port -- and, by deduction, the economy of the area -- but are also of concern to the regions shipping or receiving the goods in question. The difference which exists between Canadian and U.S. regulatory environments, and the implications this has for competitiveness of Canadian manufacturers in U.S. markets, likewise impacts on most regions surveyed.

Selected issues which may warrant further study are listed below. These are divided into two groups based upon the extensiveness of the issue across Canada and/or the potential for impact which the issue area has upon economic and industrial development. All issues are of importance. However, Group #1 may be said to have greater relative significance to regional development than Group #2.

Group #1

- Air Service - Domestic

  The effect of Transport Canada's recent announcement to introduce deregulation to domestic air service upon the quality of service provided, especially to smaller centres.

- Air Service - International

  The adequacy of routes between Canada and the U.S. and the competitiveness of Canadian vs U.S. carriers, particularly with respect to their impact upon the Canadian tourism industry.

- Canadian and U.S. Regulatory Environments

  An all-encompassing topic that covers air, rail and truck operations, and concerns the competitiveness of Canadian industry in U.S. markets.

- Port Charges

  Differences in charges between alternative ports (both within Canada, and Canadian vs. U.S.) and the impact upon cargo routing and shipper costs.

- Conference Lines

  The effect of conference vs. non-conference line rates upon shipper/receiver transportation costs and competitiveness.

- Road Infrastructure

  A collection of site-specific issues concerning the adequacy of road systems and their impact upon freight movement, tourism, safety and other considerations within their respective regions.

- Trucking - Provincial Licensing

  The relationship between differences in provincial licensing policies and permit administration and the provision to users of competitive services.

Group #2

- Customs

  The relationship between service levels provided and tourism.

- Railway Interswitching Charges

  The effect which the existence of these surcharges has upon the transportation costs and locational decisions of industry.

- Trucking - Interprovincial Weight Standards

  The effect of non-uniform interprovincial standards upon shipper distribution patterns and costs.

- Dangerous Goods Legislation

  Measures designed to accommodate the adaptation of such legislation at the local/municipal level and to minimize the disruption and cost to industry.

Underlying most, if not all, of the foregoing issues -- and echoing a concern expressed by a large number of survey respondents -- is the need for effective communications among the parties concerned (federal, provincial and/or municipal authorities, carriers and transportation service users). In many instances, the opinion was voiced that government authorities are more attuned to the needs and wishes of carriers than those of users. To the extent that this in fact exists, the Department of Regional Industrial Expansion could assist industry in making its voice heard.

APPENDIX A
SURVEY RESPONDENTS

APPENDIX A-1
FOCUS GROUPS

Vancouver Focus Group
Monday, January 23, 1984
Denman Hotel

Participants:

1. Gary Sloan
   Fleck Bros.
   Chrmn., CITL, British Columbia
   (604) 684-8131

2. Donovan Joy
   Chrmn., Transportation Committee
   B.C. Chamber of Commerce
   (604) 263-0198

3. Gerry Bennett
   Vice-President, Transportation
   Council of Forest Industries
   (604) 684-0211

4. Ron Karadimas
   Manager - Distribution
   ESSO Petroleum Products Ltd.
   (604) 664-4000

5. Sidney Fancy
   Manager, Economic Development
   City of Vancouver
   (604) 873-7011

6. Ralph Huenemann
   Director of Research
   Mining Assoc. of B.C.
   (604) 681-4321

7. Fred Oakley
   General Manager
   Vancouver Visitor and Convention Bureau
   (604) 682-2222

8. Charles Clapham
   Vancouver Board of Trade
   & IBI Consulting Group
   (604) 736-2991

9. Murray Philips
   Mgr. Import/Export Service
   Johnstone International Services Inc.
   (604) 874-7371

DRIE Representatives:
Murray Rae
Brian Anderson

Moderator:
John McMullen, JFH

Edmonton Focus Group
Tuesday, January 24, 1984
DRIE Offices, Corner Point Bldg.

Participants:

1. Norman Morrow
   Head, Transportation Services
   Sherritt Gordon Mines Ltd.
   and Chairman, CITL, Alberta Region
   (403) 998-6680

2. David James
   General Manager
   Edmonton Convention & Tourism Authority
   (403) 426-4715

3. David Gledhow
   Vice-President Operations
   H.T. Higinbotham Ltd.
   (Cross Canada Customs Service)
   (403) 423-5444

4. Colin MacDonald
   Canada Trust Realtor
   and Chrmn., Heavy Industrial
   Transportation Committee
   City of Edmonton
   (403) 421-8434

5. Jim Telford
   President, James W. Telford & Assoc.
   (403) 438-3913

6. Lang Walker
   Director, Economic Development
   Edmonton, Economic Development Authority
   (403) 424-7870

DRIE Representative:
Syamal Butabyal
Program Officer, DRIE, Edmonton

Moderator:
John McMullen, JFH

Saskatoon Focus Group
Wednesday, January 25, 1984
EMR Offices, Attrium Four Bldg.

Participants:

1. Dave R. Fairlie
   Manager, Industrial Development
   City of Saskatoon
   (306) 664-9507

2. Ray Graves
   President, Saskatoon Boiler Mfg. Co. Ltd.
   (306) 652-7022

3. Donald W. Somers
   President
   All World Travel
   (306) 665-2677

4. Andy Elliot
   Manager, Planning
   DCS Sales
   Potash Corporation of Saskatoon
   (306) 664-5571

5. Ron Pellegrini
   Chairman, Industries & Transportation
   Saskatoon Board of Trade
   (306) 244-2151

6. Art Carbano
   Traffic Supervisor
   Cominco-Potash Division
   and Chairman, CITL, Saskatchewan Region
   (306) 382-0622

7. Pat Deacon
   Manager, Distribution Services
   Olympic Fine Meats
   (306) 382-3210

8. Dennis Schrieber
   Traffic Manager
   Prairie Malt (Canada) Ltd.
   (306) 948-3305

9. Greg Brown
   Distribution Manager
   CSP Foods Ltd.
   (306) 244-1335

DRIE Representative:
Wayne MacKay
Regional Industrial Analyst

Moderator:
John McMullen, JFH

Winnipeg Focus Group
Thursday, January 26, 1984
DRIE Offices, 185 Carlton, 4th Floor

Participants:

1. Bing Gillmore
   Vice-President, Manitoba-Sask. District
   Westinghouse Canada Inc.
   & Western Transportation Advisory Committee
   (204) 772-9401

2. Ron Kaletsky
   Terminal Manager
   Clarke Pool Car
   and Chamber of Commerce Transportation Committee
   (204) 772-9481

3. Rita Roeland
   Manager
   Tourism Industry Assoc. of Manitoba
   (204) 943-1551

4. Bert Berry
   Manager - Transportation
   United Grain Growers Ltd.
   (204) 944-5429

5. Herbert Schon
   Corporate Traffic Manager
   Manitoba Forestry Resources
   (204) 942-3544

6. Vic Stechishin
   Transportation Consultant
   and Chamber of Commerce
   (204) 944-8484

7. Azriel M. Presma
   Vice-President, Traffic
   Saan Stores Ltd.
   and past Chairman, CITL/Manitoba
   (204) 474-5309

8. Edna Krosney
   Manager, Distribution - Quaker Oats
   Chairperson, CITL/Manitoba

DRIE Representative:
Graham Weber

Moderator:
John McMullen, JFH

Thunder Bay Focus Group
Friday, January 27, 1984
DRIE Offices

Participants:

1. Paul Harper
   Director, Community Planning & Development
   Thunder Bay
   (807) 623-2711

2. Murray Boyle, Traffic Manager
   Great Lakes Forest Products Ltd.
   (807) 475-2245

3. Jerry Cook, Port Manager
   Port of Thunder Bay
   (807) 344-3594

4. James Hill, Port Engineer
   Port of Thunder Bay
   (807) 344-3594

5. Dick Charbonneau
   General Manager
   Thunder Bay Economic Development Corporation
   (807) 623-4060

6. Rod Gartel
   Traffic Manager
   Great West Timber

DRIE Representative:
Bill Mohomela
Manager, Northwestern Ontario

Moderator:
John McMullen, JFH

London, Ontario Focus Group
Friday, January 13, 1984
Parklane Hotel

Participants:

1. Bill Burns
   Assistant Traffic Manager
   GM Diesel
   and Chairman, Air Transport Committee/CITL

2. Bruce Turnball
   Manager, Transportation and Customs
   3M Canada Inc.

3. Patricia Robinson
   Supervisory, Transportation
   AMWAY

4. Darrell Harper
   Materials Manager
   Interbake Towels Ltd.

5. Bill Kedich
   Traffic Manager
   Ford Motor Co. Canada

DRIE Representative:
Allison Bunting
Transportation Services Division, Ottawa

Moderator:
John McMullen, JFH

Toronto Focus Group
Thursday, February 2, 1984
JFH Offices

Participants:

1. Gary Gray
   Manager, Transportation
   The Canadian Manufacturers' Association
   (416) 363-7261

2. Donald Hughes
   Transportation Manager
   Stedmans
   and CITL Regional Chairman, Ontario
   (416) 669-1810

3. Thomas Flood
   Metro Development
   ex. General Manager, Toronto Area
   Industrial Development Board
   (416) 787-2856

4. Lou Warnica
   Traffic Consultant
   Board of Trade and previously Traffic Manager
   Woolworth Co.
   (416) 884-0843

5. William Duron
   President, Metropolitan Toronto
   Convention & Visitors Association
   (416) 979-3133

6. Bill Rae
   Traffic Consultant, Board of Trade
   previously Traffic Manager, Lever Bros.
   (416) 425-1266

DRIE Representative:

Les Arany
Ottawa Office, DRIE

Janet Quinnett
Economist, Sectoral and Regional Analysis

Moderator:

John McMullen, JFH

Montreal, Focus Group
Monday, January 23, 1984
Queen Elizabeth Hotel

Participants:

1. Jean Marc Laliberté
   Assistant Director
   Greater Montreal Convention and Tourism Bureau
   (514) 871-1129

2. Jean Louis Poirer
   Vice-President
   Societé des Alchol du Quebec
   (514) 253-6156

3. Jean Pierre Laserra
   Traffic Manager
   Purchasing and Traffic - Industrial Traffic Division
   Westinghouse Canada Inc.
   (514) 347-5361

4. Cliff Board
   Director, Materials Management
   Gillette Canada Inc.
   (514) 341-5050

5. Jean Marc Gamache
   Vice-Chairman
   CITL; and Alcan
   (514) 877-2607

6. Dieter Oberndofer
   Manager-Traffic Department
   BASF Canada
   (514) 341-5411

DRIE Representative:

Guy Gelinas
Manager, Transportation Services
DRIE, Ottawa

Louise Charette
DRIE, Montreal

Moderator:

David Lewis, JFH

Quebec City Focus Group
Thursday, March 8, 1984
DRIE Offices

Participants:

1. Yvon Dolbec
   President,
   Quebec Chamber of Commerce
   (418) 688-9115

2. Pierre Talbot
   Director General
   Quebec Chamber of Commerce

3. Pierre Racine
   Director, Transportation Committee
   Quebec Chamber of Commerce
   (418) 653-8351

4. Michel Lamontagne
   Head - Transportation Committee
   Port Facilities and Services
   Quebec Chamber of Commerce
   (418) 525-5151

5. André Allard
   Head - Transportation Committee
   Air Services
   Quebec Chamber of Commerce
   (418) 872-1200

6. Reynald Martineau
   Head - Transportation Committee
   Freight Services
   Quebec Chamber of Commerce
   (418) 872-3745

7. Alain Doyon
   Director General
   Economic Council of Levis Lauzon
   (418) 837-4781

DRIE Representative:

Jacques Parent
DRIE, Quebec City

Moderator:

John Williams, JFH

Moncton, New Brunswick Focus Group
Monday, January 30, 1984

Participants:

1. Bernie LeBlanc
   National Sea Products, Shediac Division

2. Susan Killane
   Transport Committee
   City of Moncton
   (506) 853-3333

3. Paul Daigle
   General Manager
   Moncton Industrial Development Corp.
   (506) 854-2700

4. Wes Armour
   Chairman, Transportation Committee
   Moncton Chamber of Commerce
   (506) 389-3468

5. Ramsey Armitage
   Assistant General Manager
   Atlantic Provinces Transportation Commission
   (506) 855-0031

6. Lorne Mitton
   Transportation and Distribution Officer
   Atlantic Provinces Transportation Commission
   (506) 855-0031

7. Gerry Martin
   Chairman, Transportation Committee
   Maritime Lumber Bureau, and
   Member-Voluntary Planning Transportation Sector
   (902) 667-9779

DRIE Representative:
Basil Small

Moderator:
David Lewis, JFH

Halifax, Nova Scotia
Tuesday, January 31, 1984

Participants:

1. Don Pollack
   Chamber of Mineral Resources
   (902) 798-2218

2. John Landry
   Chairman - Transportation Committee
   Halifax - Dartmouth Board of Trade
   (902) 423-9271

3. Jim Frost
   Director - Marketing
   Halifax - Dartmouth Board of Trade
   (902) 429-1400

4. Jack Monro
   Vice-President
   Elmac World Transport Ltd.
   (902) 423-8324

5. John Ballard
   Canadian Manufacturers Association; and
   Kohler International
   (902) 662-2100

6. Sirje Weldon
   Canadian Manufacturers Association

7. Mike Scheibmayr
   Manager, Transportation Services
   National Sea Products and
   Seafood Producers Association of Nova Scotia
   (902) 422-9381

8. Bob Chisholm
   Director
   Halifax Visitors and Convention Bureau
   (902) 421-8736

9. Dale Sproule
   Nova Scotia Forest Products Association
   (902) 895-1179

DRIE Representative:
R. Sherwood

Moderator:
David Lewis, JFH

St. John's, Newfoundland
Wednesday, February 1, 1984

Participants:

1. Hish Dower
   Canadian Saltfish Corp.
   (709) 772-6077

2. Art Puddister
   Puddister Shipping Co. Ltd.; and
   St. John's Board of Trade

3. Andrew Collins
   Collins Custom Brokers
   (709) 726-7596

4. David Fox
   General Manager
   Port of St. John's
   (709) 772-4664

5. Joseph Randall
   St. John's Board of Trade

6. J.B. Ploughman
   Canadian Manufacturers Association

DRIE Representative:
Bill Covey

Moderator:
David Lewis, JFH

APPENDIX A-2
TELEPHONE AND OTHER PERSONAL INTERVIEWS

Victoria, B.C.

Pat Deacon
Economic Development Commissioner
Capitol Region Economic Development Commission
(604) 388-6517

Geoff Buck
Thurber Consultants Ltd.
and Chamber of Commerce - Transportation Committee
(604) 727-2201

Prince George, B.C.

Dale McMann
Manager, Prince George Development Corporation
(604) 564-0282

Calgary, Alta.

David Crow
Economic Development, City of Calgary
(403) 268-2331

Don Brownie
Calgary Transportation Authority
(403) 253-8691

Wilf Jacoby
Manager, Operations
Sultran Ltd.
(403) 265-1486

Regina, Sask.

Philip Haffner
Assistant Director, Development and Public Relations
City of Regina
(306) 569-7487

Prince Albert, Sask.

Robert Henderson
Manager, Industrial Development
City of Prince Albert
(306) 764-5251

Winnipeg, Man.

Keith Gulliver
Transportation Programs Branch
Department of Highways and Transportation
Manitoba Government
(204) 944-2002

Brandon, Man.

Mr. Forbes
Industrial Commissioner
(204) 728-2278

Kitchener, Ont.

Archie Gillies
Executive Director
Economic Development Board
(519) 576-5006

London, Ont.

Doug Heron
Director, Economic Development

Ottawa, Ont.

Jim Moore
Secretary, Canadian Export Association
(613) 238-8888

Norman Polowin
Admiral Travel Agencies
and Chairman Transportation Committee
Commercial and Industrial Development Corporation
of Ottawa-Carleton
(613) 237-4720

Robert Long
Executive Director
Canadian Advanced Technology Association
(613) 236-6550

Russell W. Neal
Executive Vice-President
Private Motor Truck Council of Canada
(613) 238-6052

Quebec City, Que.

Mr. Despris
Director, Transportation
Donahue Paper

Sherbrooke, Que.

D. Migneault
Industrial Commissioner
(819) 565-3215

Lac Mégantic, Que.

M. Lafontaine
Industrial Commissioner
(819) 583-4411

Saint John, N.B.

William Thompson
Saint John Regional Development Commission
(506) 658-2918

Sydney, N.S.

William McKee
Cape Breton Development Corporation
(902) 562-6300

Charlottetown, P.E.I.

Kevin Walker
Charlottetown Chamber of Commerce
(902) 892-3424

Cornerbrook, Nfld.

Pat Pye
Newfoundland Chamber of Commerce

Goose Bay, Nfld.

Glen Kirby
Economic Development Corporation
(709) 896-5182

Whitehorse, Yukon

Ella LeGresley
Planning Technician
Economic Development Commission
(403) 667-6401

Pat Dickson
Director, Whitehorse Chamber of Commerce
(403) 667-7545

Yellowknife, N.W.T.

Wes MacAleer
Director, Northwest Territories Chamber of Commerce
(403) 873-2994

APPENDIX B

CANADIAN EXPORT ASSOCIATION'S VIEWS ON A CANADIAN FLAG DEEP-SEA MARINE

CANADIAN EXPORT ASSOCIATION
INCORPORATED 1943
ASSOCIATION CANADIENNE D'EXPORTATION

Suite 250, 99 Bank Street, Ottawa, Ontario K1P 6B9
Telephone: (613) 238-8888 Telex: 053-4888

No. 166.

November 7th, 1983.

The Honourable Lloyd Axworthy, P. C., M. P.,
Minister of Transport,
Room 135, East Block,
House of Commons,
Ottawa, Ontario, K1A OA6.

Dear Mr. Axworthy;

We understand that you have expressed an interest in views concerning Canada's deep-sea ocean shipping policy and in particular the establishment of a Canadian flag deep-sea marine. In this respect we have been reviewing a discussion paper prepared by Transport Canada entitled "Canadian Deep-Sea Shipping Policy: Meeting New Challenges" which we have welcomed as a response to the need we have expressed in the past for frequent reassessment of Canada's shipping policy in a time of continuing change in the international shipping environment.

After careful review of the discussion paper, however, exporters do not find that the facts presented demonstrate that circumstances have altered sufficiently to modify the basic views which we submitted in 1980 (copy attached). Our shipper members remain convinced that as a nation that thrives on trade, Canada's best interests are served by an open policy of encouraging maximum competition for our cargoes from both Canadian and foreign shipowners.

Canadian exporters would be happy to employ Canadian flag ships where such vessels operate competitively with foreign flag offerings. The major concern of shippers has been and continues to be the large disparity which appears to exist in most circumstances on shipping costs. In Paragraph 79 of Transport Canada's paper, it is noted that a recent article in Fairplay said that the wage gap between U.K. and Far Eastern ships has been estimated at $1, 750 (U.S.) per day for a medium sized bulk carrier, and the conclusion drawn that Canada is not unique as a high cost shipping nation. It would perhaps be unkind to add that this is a contributory factor to the decline of the British flag, and a reason why a significant part of the beneficially owned U.K. fleet does not fly the flag. A former senior U.S. Congressman and advocate of U.S. flag policies, Robert L. Leggett, who served on the House Merchant Marine Committee, is even less sanguine about the ability of high wage countries to compete. For example he noted in an article in Transportation 2000 that most of the

...2/.

handful of remaining U. S. liner companies operate with a low return on investment despite operating subsidies from the U. S. government in the order of $2 million per ship per annum. The U. S. experience in bulk shipping is no more encouraging. The U. S. flag operating in this sector is reported (Fairplay, May 6th, 1982) to be down to 40 vessels and continuing to shrink. This has happened despite significant U. S. flag preference policies (legislation is before Congress to further extend U. S. cargo reservation) and total shipping subsidies estimated to be in the order of $5.7 billion since 1970. Shippers fear that Canadian costs would not likely be markedly different than U. S. costs. It is the magnitude of these and other similar figures we have seen that concerns Canadian shippers. If a Canadian flag is fostered by Canadian government policies which have a substantial cost either to the taxpayer, or in the economic allocation of financial resources, what assurances can shippers have that irresistible pressures will not build up in the future for Canadian cargo reservation or other policies (as has happened in the U. S. and other countries), which would be costly to the shipper and would impact adversely on Canada's exports?

Indeed, while we are pleased to see the discussion paper clearly states at the outset that the Canadian deep-sea shipping policy would "not be intended to restrict in any way the freedom of shippers to choose the lowest cost transportation option", the paper also raises questions in this regard. For example Option 3 on Page 21 in discussing targets for fleet development objectives states that "in the Canadian context, any such targets to be meaningful, would have to be supported by cargo reservation, or by having either the government or the shippers pay the extra cost" - an option not entirely dismissed in Paragraph 63. Also the discussion in Paragraphs 88 - 91 notes that in the bulk sector large export contracts for products such as coal and grain "may require a fair amount of government involvement" with the implication that this could be leveraged into pressure to use a Canadian flag. CIDA cargoes and Arctic shipping are also raised as topics for closer attention in this regard. This may also worry some shippers.

Having dwelt on the concern of shippers about the cost of direct government intervention to encourage a Canadian flag, we note that there are areas which are <u>not</u> featured in the discussion paper which would give encouragement to a Canadian flag fleet which would not involve substantial costs to the taxpayer or shippers. For example crew costs are an important element in international competitiveness. (According to a source quoted in Fairplay the cost of a master's billet on a U. S. flag ship is now close to the cost of an entire 32 man crew on some low cost foreign flag tonnage). Consideration might therefore be given to allowing Canadian flag vessels to operate with foreign crews. It is also suggested that modifications to Canadian shipping legislation and regulations could be made which would encourage Canadian registry. As one member in the shipping community puts it: "Canadian regulations are too restrictive, too protective of the Canadian environment, too pollution conscious too severe and too negative. Instead of encouraging, they tend to discourage any shipowner to register his vessels under the Canadian flag".

...3/.

The discussion paper notes the continued increase of foreign national flag interventionalist policies. This is undeniably correct, and such policies received a further fillip with the bringing into force of the U. N. Code of Conduct for Liner Conferences in October, 1983. However, given the variety of circumstances and trades involved, it is by no means clear how a Canadian flag could be organized and deployed to protect Canadian interests particularly the paramount export interest. We detect a certain irony in the statement 23a) "developing nations are determined to establish national fleets. Since many of these nations are maximizing non-commercial objectives, their ships will not be competitive and will require further cargo reservation measures' The difficulties presented Canadian shippers in such circumstances will not likely be resolved by an artificially created Canadian flag operating under similar conditions.

We do believe it is time to initiate an objective study of the impact of cargo reservation on our exports. While as an export association we are conscious of some complaints from exporters, we have not noted a noticeable increase of late. We believe this could be so for a number of reasons including 1) business is not being lost because competitors/shippers in other countries are being faced with the same demands; 2) waiver provisions are frequently available; 3) developing countries practising flag preference tend to put their ships into major trades e.g. Europe/U.S. and Japan leaving Canadian trade less affected. However, it would be helpful to have more facts particularly on the trades in which Canada is directly affected and how. Are shippers being forced to use U.S. ports, or make uneconomic inland movements to meet foreign flag sailings? Is export business being lost, and under what circumstances? How accessible are waiver provisions? How are foreign flag preferences enforced e.g. through import licenses, foreign exchange controls, tax incentives, consular formalities, etc.? How do countries decide which cargo is subject to flag reservation? are the circumstances of each order taken into consideration, or is the division made on a quixotic and arbitrary basis? To what extent is each shipment negotiable? Is Canada the victim of a spillover affect from U.S. bilateral shipping agreements? The CEA would be happy to cooperate in such a study which we believe would also be useful in the current consideration of "defensive legislation".

It may be appropriate to comment on some of the options open to Canada to protect against foreign flag cargo reservation. First the Canadian Government must be prepared to take an aggressive position in opposing cargo reservation both bilaterally with foreign governments and in international fora where the thrust for change would limit options open to Canadian exporters in selecting the most appropriate and competitive carrier. More specific defences include:

A Canadian Flag: The discussion paper notes that a Canadian flag may not provide an effective solution to many emerging problems. In this case many shippers are concerned that a Canadian flag that requires special measures of support would tend to engender the further erosion of competitive forces at the cost of shippers. However, where circumstances are identified where Canadian carriers can compete in the trade without costly incentives, the Canadian government should be prepared to intervene energetically with foreign governments to ensure equal access to the market

...4/.

Designation of a "Canadian" Carrier: The U. N. Code of Conduct for Liner Shipping is not specific in its definition of carriers that may be designated under the suggested 40:40:20 division. This opens up options which range all the way to putting up the Canadian share to the most competitive carrier irrespective of flag with only nominal Canadian equity participation. The government should seek to persuade foreign countries seeking to impose cargo sharing in their trade with Canada not to do so, but that as a fallback position, Canada's share be open to broad interpretation in respect to designation and that cross-traders not be excluded.

Defensive Legislation: As we indicated in our 1980 submission with respect to a Canadian deep-sea marine, appropriate defensive legislation could, if carefully developed and judiciously applied, be a useful additional string to the diplomatic bow in seeking to curb the foreign cargo reservation practices. The danger here is that we might be forced into a corner where the use of sanctions may come into play. Exporters can draw little comfort from many that have been suggested, which range all the way from withdrawal of EDC financing for offending countries, to refusal of entry to Canadian ports for their vessels.

The U.S. Position: There is a certain irony in the fact that many of the cargo reservation practices that are rightly opposed by the U. S. A. were first pioneered by the Americans to ensure cargo for otherwise uncompetitive American shipping. Whatever actions that are taken in Washington to combat foreign cargo reservation practices are likely to have a substantial impact on Canada if only because, in many trades, the same ships call in both American and Canadian ports. It would therefore seem prudent for the Canadian government to develop the closest possible links with those establishing and implementing policy in this area in Washington in order to ensure that decisions which may impact equally on Canada are not taken without an awarenes s of Canada's "spillover" concerns.

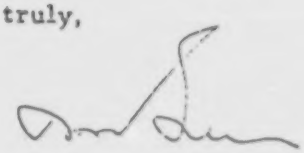
There are many aspects of the discussion paper upon which comment could be made. However, on the central theme of re-establishing a Canadian flag, most shippers continue to believe that this is a desirable objective, but only to the extent it can be achieved without 1) increased costs for exporters; 2) for the taxpayer, or 3) in creating artificial distortions in the economic deployment of Canadian financial resources. (The paramount concern with 2) and 3) is that it will inevitably lead eventually to 1).

The harmonious growth of the Canadian economy is heavily dependent on exports. To facilitate world trade, to have any chance of success in the international marketplace, the need to be competitive is clear and compelling. With this certainty, the cry for a Canadian flag merchant marine, with competitive ships flying a Canadian flag, manned by high cost Canadian seafarers, is a continuing flight from economic reality except in those situations where Canadian ingenuity or circumstances have created an

...5/.

offsetting comparative advantage. In the U. S. it is estimated that high payrolls and manning requirements on U.S. flag vessels make the cost of a crew of American nationals three to seven times the cost of foreign vessels with comparable standards and qualifications. Canada has an effective controlled fleet estimated in the Transport Canada paper to be 6, 554, 966 deadweight tonnage (this estimate is probably on the low side). It might be a more valid policy for Canada to encourage this fleet; the benefits being 1) development of Canadian expertise in deep-sea shipping; 2) a possible opportunity for "designation" under the U. N. Code of Conduct for Liner Shipping; 3) if at any time in the future, because of international developments, it is deemed desirable to repatriate the flag, then suitable tax and other inducements could be proffered to Canadian owners. Such encouragement could also be linked to ship management centres, and would in a significant way meet some of the other objectives set out in a), b), c), and d) in Page 1 of Transport Canada's discussion paper.

Yours truly,



T. M. Burns
President

Encs.

INCORPORATED 1943

Association Canadienne d'Exportation

Suite 250, 99 Bank Street
Ottawa, Ontario K1P 6B9
Telephone: (613) 238-8888 Telex: 053-4888

No. 088

May 5th, 1980.

The Honourable Jean-Luc Pepin,
Minister of Transport,
Transport Canada Building,
Place de Ville, 25th Floor, Tower C,
Ottawa, Ontario, K1A ON5.

Dear Mr. Pepin:

Current trends and developments in international marine shipping require frequent assessment in order to ascertain their impact on Canadian trade. This has been recognized by your Department in its recent consultation with those concerned in the private sector including exporters and our own Association. Central to this consultation has been the question whether Canada should commit public resources to the establishment of a Canadian flag merchant marine.

As exporters we are principally concerned to have ready access to ocean transportation at international competitive rates. We have given the subject a good deal of thought and have set out our views in the attached position paper. Basically we would question the use of public funds to support what otherwise would be a non-competitive Canadian flag unless, and this is not so at this time, there are clear advantages in terms of protecting Canadian cargo interests. Many cargo interests believe support from the public purse would inevitably lead, as it has in other countries, to increased discrimination in shipping with consequent deterioration in services and inflationary pressures on shipping costs.

While we recognize there could be some weakening of competitive forces in ocean shipping in the future, we believe at this juncture Canadian exporters would continue to be best served by a policy of discouraging discrimination in international shipping and encouragement of maximum competition for our cargoes. At the same time international developments should be closely monitc and we should continue to keep our options open giving the export interest primacy in policy formulation.

Yours sincerely,

T. M. Burns
President

Enc.
c. c. Mr. G. M. Sinclair

Association Canadienne d'Exportation
Suite 250, 99 Bank Street
Ottawa, Ontario K1P 6B9
Telephone: (613) 238-8888 Telex: 053-4888

No. 086 May 6, 1980

CANADIAN FLAG CONSIDERATIONS IN CANADIAN SHIPPING POLICY

In light of the current discussion of Canadian marine shipping policy, we believe it would be useful to set forth some of the concerns of exporters. Our views at this time will be directed primarily at the question of establishing a more visible presence in ocean shipping, which is at the centre of the present debate.

Exporters' first priority is ready access to ocean transportation at internationally competitive rates. If, by building a Canadian flag it could be demonstrated that shipping services available to exporters would be improved in terms of their adequacy and cost, exporters would be unanimous in their support for the establishment of greater Canadian flag participation in ocean shipping. We therefore believe that before public resources are committed to Canadian flag shipping, decisions would have to be tested against their short, medium and long run impact on Canada's ability to compete in export markets.

Exporters are not experts on ship operations, but they are generally skeptical about the implications of committing public resources to ocean shipping. They are concerned to know that if Canadian flag shipping receives assistance from the public purse, what will be the total cost of the tax breaks and/or subsidies and how much would be borne eventually by shippers, and how much by the public at large? They fear inevitable pressures will arise for the imposition of Canadian cargo reservation which in turn will lead to damage to the competitive position of exports through higher costs and deterioration in service. They fear that because investment in shipping is a long run commitment, support in the short run risks opening up a Pandora's box for future demands.

Proponents of an expanded Canadian flag with public assistance cite a number of points which exporters believe should be examined critically in order to ensure the benefits outweigh and disadvantages. These include:

Balance of Payments: Although there is clearly a potential saving here, our review of Statistics Canada figures on the transportation account does not reveal the present imbalance to be nearly as high as some figures which have been publicly quoted. On the negative side since ship operations incur significant costs outside of Canada, public monies utilized for a Canadian flag could in fact result in a transfer of resources out of Canada.

.../2

On the positive side expenditures by shippers on Canadian flag vessels would result in balance of payment gains. However, this may be offset by the likelihood of greater reduction in exports (because of their greater sensitivity to freight costs) than imports through increased costs or deterioration in frequency and services offered. One indication of the validity of the balance of payments argument comes from a 1966 study by the U.S. Maritime Administration which concluded that the net gain for the U.S. balance of payments for each dollar of support to the U.S. merchant marine was 30 cents.*

Employment: There appears to be a contradiction between those that would argue the case for tax breaks or subsidies to Canadian flag operations on the grounds that modern vessels are capital intensive and require fewer crew members than in the past, and those that argue the case on the grounds of creation of shipboard jobs. Again, U.S. experience is revealing. In 1969 it has been calculated that the U.S. Government paid 67 cents for every dollar of wages paid aboard subsidized U.S. cargo vessels.*

Shipbuilding: Exporters believe that the question of support for Canadian shipyards is one that should be looked at in isolation from Canadian flag shipping. The industry is important, it should be maintained, but not via indirect subsidies through Canadian ship operators looking to Canadian exporters and importers for their operating revenues.

Strategic: The strategic issues in a military sense are beyond the scope of the export community to comment on.

Much attention has been in our view correctly drawn to the changing environment in international shipping. These have been well set forth in Transport Canada's Background Paper on Deepsea Shipping. Whilst we could comment on several aspects of the scene, at this time we would like to confine our remarks to the growth in flag discrimination which is of particular concern to Canadian exporters, and which has implications in the debate on Canadian flag shipping. Developments such as the U.N. Code of Conduct for Liner Conferences and the 40:40:20 cargo division it envisages, have in common a tendency to undermine competition in international shipping and Canada's traditional policy, which has been supported by the export community, of relying on market forces to protect our export trade interests. However, at this time it is by no means clear what impact these developments may have on Canadian trade, and it would in our view be unwise to use the growth in flag discrimination as a rationale to provide costly support for Canadian flag vessels. We say this because a) cargo reservation as it is now, or is likely to be imposed on Canadian trade, will impact largely on exports to certain less developed and state trading countries bent upon developing their national marine without necessarily much thought to cost. Although important, these countries account for only a small proportion of Canada's

offshore exports. b) It is difficult to see how exporters' interests would be protected by a subsidized Canadian flag presence in these trades.

Where flag preference is imposed from abroad and is unavoidable despite appropriate diplomatic representations, and where it is also found inimical to Canadian export interests, it would appear to exporters that Canada should keep all options open including the designation of any carrier to carry Canada's flag share in a cargo division. This is not excluded for example under the U.N. Code of Conduct for Liner Conferences, and Canada's negotiating position could possibly be reinforced by appropriate defensive legislation. In this manner a number of options would be opened which should be examined from a perspective which gives the export interest paramount consideration. The options range from designating a Canadian flag, or foreign flag which is beneficially owned by Canadian operators, who have proven their ability to compete without subsidy, all the way to putting up the Canadian share of the division to the most competitive acceptable carrier irrespective of flag.

It may also be worth noting that a) the high volume trades tend to be with OECD countries, and that by virtue of substantial cargo inducement they attract competition to the benefit of Canadian exporters, and b) these countries are the least likely to apply flag preferences on their trade with Canada. Thus we have the paradox that in those trades which because of cargo volume are likely to be of greatest interest to potential Canadian flag operators, there is healthy competition, whereas trades prone to flag preference intervention tend to be low volume, and therefore least likely, except where special circumstances are interposed, to be of much interest to potential Canadian flag operators. Put more simply exporters have or can expect flag preference intervention problems in trades which Canadian flag operators may find the least attractive.

Advocates of a Canadian flag point to special tax advantages and/or subsidies available for shipping in other traditional maritime countries. Exporters note that despite evidence that this assistance is substantial, it is still not sufficient to repatriate all national beneficially owned shipping. Indeed there is evidence that a good deal of developed country owned quality shipping, despite national support, finds it more advantageous to use flags of convenience.

On the other hand, exporters have noted the growth of beneficially Canadian owned or operated Canadian ship flying foreign flags. We believe this is an encouraging trend that demonstrates growing Canadian competence in the provision of competitive shipping. This is a useful development which among other things will open up options in coping with changes in the future in the international shipping scene.

In conclusion exporters are in favour of growth in Canadian flag shipping but only if 1) it is economically viable without

.../4

substantial government fiscal or financial support, which would lead to distortions, and 2) there is irrefutable evidence that in a particular trade, such support would work in the best interests of Canadian cargo owners. Exporters believe that their interests must be paramount in consideration an an induced Canadian flag, and fear that any introduction of special tax or subsidy programs at public cost will give rise to eventually irresistible political demands for Canadian cargo reservation measures which would have an inflationary and inhibiting effect on Canadian exports. Evidence that this fear may be justified is found in the U.S. where although preference shipments form only a small part of overall U.S. trade, they have been described as the principal form of assistance to U.S. shipping.*

Canadian shipping policy should be to continue to oppose flag preferences wherever they arise, and to deal pragmatically with them through appropriate diplomatic action. When situations come up which cannot be otherwise resolved in the export interest, "designation" of an appropriate carrier to represent Canadian interests as previously noted should be considered. Definition of "appropriate" in this context will need careful consideration with the export interest in terms of cost and service given first priority.

Canadian resources are limited. We believe they should be concentrated in areas where economic advantage directs. Such areas, in our judgement, should not include displacing competitive foreign shipping in trades with Canada's major markets unless it can be done competitively through the resources of the private sector.

In summary developments in international shipping need to be closely monitored with all options for future actions retained. Canada should continue to discourage discrimination in ocean shipping and encourage maximum competition for Canadian cargos from the world's fleets. A program for subsidizing Canadian flag operations is not required to protect Canadian cargo interests at this time nor is it clear that it will be required in the future. However, should conditions change there are other options open which may be more effective in supporting the export interest which should be given paramount attention in any consideration of the subject.

* Source: Bread Upon The Waters - Federal Aids to the Maritime Industries by G.R. Jantscher, The Brookings Institute, 1975

APPENDIX C

WINDSOR-ESSEX COUNTY
DEVELOPMENT COMMISSION

Windsor-Essex
Ontario | Canada

Windsor-Essex County Development Commission
La Commission de Développement Windsor-Essex

PLACE GOYEAU, GOYEAU & CHATHAM
WINDSOR, ONTARIO, CANADA N9A 2W1

TELEPHONE (519) 255-9200
TELEX 064 77691 WINDSORESX

March 23, 1984

Mr. J. A. McMullen
James F. Hickling Management Consultants Ltd.
Suite 605, 350 Sparks St.
Ottawa, Ont. K1R 7S8

Dear Mr. McMullen:

Re: TRANSPORTATION ISSUES IDENTIFICATION STUDY
WINDSOR-ESSEX/SOUTHWESTERN ONTARIO

I am writing to confirm that the Windsor-Essex County Development Commission will be co-ordinating prepartion of a transporation issues summary report for Windsor-Essex County as requested in your letter of March 9, 1984.

We have requested input from the City of Windsor, the County of Essex and the Transportation Committee of the Windsor Chamber of Commerce. In addition, the Board of Directors of the Windsor-Essex County Development Commission will be considering this matter at their next regular meeting of April 17, 1984. In deference to your request, we will endeavour to do our very best to have a submission ready as early as possible.

As you may appreciate, any effort aimed at rectifying transportation inadequacies to improve regional business opportunities and economic expansion is a vital concern to Windsor-Essex. Accordingly, I must point out that while we are eager to participate in this important study, the request for input at this late stage in the production of your report has been received with some consternation, particularly in view of the fact that London and other municipalities have already completed their submissions. It is disconcerting to think that important transportation concerns in this region might be overlooked because of insufficient investigative lead time. We will be glad to give you our full co-operation and trust that provisions will be made to ensure that the views of Windsor-Essex will be given due and proper consideration in your report to DRIE.

To assist us, it would be helpful if any submissions made by London or other municipalities in Southwestern Ontario could be made available to us, as many transportation issues transcend the local municipal boundaries and could have wider regional significance. Please advise us if this is possible.

We are looking forward to working with you on this project. In the meantime, if you need anything further, please do not hesitate to get in touch with me.

Sincerely,

R. Dzus

Roman Dzus
Deputy Development
Commissioner

cc: R. Richardson, Manager, Windsor Chamber of Commerce
K. Russell, Chairman, Chamber of Commerce Transportation Committee
Transportation Services Division, DRIE

ep

APPENDIX D

OTTAWA-CARLETON
BOARD OF TRADE

SURVEY OF HIGH TECHNOLOGY
COMPANIES IN THE OTTAWA AREA

OTTAWA-CARLETON BOARD OF TRADE

SURVEY OF HIGH TECHNOLOGY COMPANIES IN THE OTTAWA AREA

DECEMBER 1983

Background

One of the mandates of the High Technology Committee of the Ottawa-Carleton Board of Trade is to further the interests of the companies in the high tech industry in the Ottawa area. In order to do this, the Committee concluded that it would be desirable to survey a representative sample of these companies to determine their specific needs and problems. In the fall of 1983, a five page survey form was designed and questions were included dealing with employment, transportation, exports, research and development incentives, financing and technology transfer.

The survey committee selected 83 companies from the over 300 that are in the high tech field.

The selection was designed to include small, medium and large companies whose head offices are in the Ottawa area. Exluded from the survey were companies whose head offices are elsewhere, and companies which are only indirectly related to the high tech industry.

The survey was mailed to the selected companies in early December, and by the end of December 37 responses had been received. This represents a return rate of 44% and is considered to be a high response ratio for a survey of this kind. Virtually all of the responding companies reported problems of one type or another, and the Board believes that the high tech industry in the Ottawa area requires greater support and assistance from all levels of government to assure the future growth and success of this all important industry.

The results of the survey are outlined in the balance of this report.

Number and size of companies surveyed

The 37 responses represented:

Total Canadian sales of	$216 million
Total sales in the USA (excluding Canadian sales)	278 million
Total sales	$494 million
Total employees in Ottawa area	6,648 employees
Total employees in Canada, including Ottawa	10,231 employees
Largest company reporting	900 employees
Smallest company reporting	4 employees
Number of companies with more than 100 employees	11
- 25-100 employees	16
- less than 25	10

The responses indicated that difficulties were not confined to the smaller companies. Many of the very large companies reported problems of various kinds. Further, the very large and very small companies often shared similar problems such as the difficulty in attracting employees having sufficient skills and training for the job being offered. In other cases, such as familiarity with the research and development incentives offered under the Income Tax Act, the large companies tended to be familiar with the legislation whereas the smaller companies did not.

Summary profile of problems reported

The survey indicates that the typical Ottawa high tech company (excluding the 5 largest companies in the survey whose Ottawa employment totals over 5,000) has an average of 51 employees, Canadian sales of $2.8 million and sales in the USA of one half million per year. These sales averages exclude the five largest companies in the survey.

The typical company has difficulty in locating employees with sufficient skills and training and in the quantities required. While the company is generally aware of the fact that incentives exists under the Income Tax Act and other legislation to assist the company, it is not necessarily knowledgeable about the specific benefits or how to take advantage of them. The company would like more information about the legislation and the government assistance plans available. The typical company does not believe there are any transportation problems around the Ottawa area which affect the movement of goods to and from the plant; on the other hand, the company would very much like to see more direct flights to and from the Ottawa area, particularly to points in the north eastern United States. Some (but not the majority) of companies which export to other countries generally believe that greater assistance is required to increase export levels, and want the government to help further. The typical company is not yet ready to go public but is interested in some greater level of financing, and also believes that there is not an adequate transfer of technology from government to industry. Fully one third of the companies believe that there should be changes in customs duties and excise taxes, and that trade barriers cause difficulties.

The balance of this report summarizes the questions in the survey and the number and percentage of companies reporting difficulty or a desire for more assistance and information in a particular area.

Hiring and Personnel	Number of companies out of 37	Percentage
The companies have problems hiring employees with respect to:		
a) Quality	24	65%
b) Quantity	8	22
The problems appear primarily in the following areas:		
- acquiring employees with adequate skills	18	49
- acquiring employees with adequate experience	21	57
- acquiring adequate numbers of employees with skills in desired trade or technology	17	46

The number of companies reporting employment problems is very high. There is a clear need to attract more skilled employees to the Region, and to provide skills upgrading for employees presently working within the Region.

Transportation	Number of companies out of 37	Percentage
Companies have transportation problems in the following areas:		
- getting supplies to the plant	3	8%
- getting products shipped from the plant	3	8

Transportation (Cont'd.)	Number of companies out of 37	Percentage
Transportation problems appear in the the areas of:		
- inadequate rail service to/from plant	0	0
- inadequate airline service	9	24
- inadequate road access	1	3

Transportation generally does not appear to be a problem with the exception of air service from the Ottawa airport. Twenty-four percent of the companies regard the air service as inadequate, particularly with respect to the lack of direct and regular flights to U.S. destinations.

Export Markets	Number of companies out of 37	Percentage
Companies exporting their products to other countries believe that assistance is required to increase the level of their exports.	12	32%
Companies believe assistance should be provided through:		
- financing	6	16
- insurance	2	5
- government assistance	8	22

Research and Development		
Companies are not aware of the research and development incentives under the income tax act	10	27
Companies are interested in obtaining more information concerning research and development incentives	14	38
Companies require information with respect to government incentives and assiqtance	22	59

Technology	Number of companies out of 37	Percentage
Financing and Capitalization		
The smaller and medium sized companies generally felt that they required more information or assistance in the areas of financing and/or capitalization. The areas where assistance is specifically required are:		
- going public	5	14%
- private placements	11	30
- bank financing	8	22
- cash flow/budgetting	5	14
- introduction to investment dealers	4	11
- introduction to venture capitalists	8	22
Employee Benefits		
The survey inquired how many companies have an employee benefits plan		
The number of responding companies which do not have a plan are	3	8
Companies which are not familiar with the Ontario Microelectronics Centre which can provide assistance in developing micro-processor technology	1	3%
Companies which do not believe there is an adequate transfer of technology from the federal government to private industry	18	49
Companies which believe their sales would improve if there was greater technology transfer from within government	6	16
Companies which believe there should be more government and university participation in industry with respect to technology development	9	24

Technology	Number of companies out of 37	Percentage
Customs and Excise Taxes		
Companies which believe that sales would improve with reductions in customs and excise taxes	12	32
Companies which believe that trade barriers between Canada and the United Stares are too restrictive	12	32

Conclusion

A number of problems have been identified which affect the Region's high technology companies. The Board of Trade is in the process of developing a strategy which will resolve the issues. The strategy is expected to include creating a public awareness about the problems that exist, disseminating information to companies about the assistance that is presently available, and promoting co-operation among industry, government and universities to enhance the quality and availability of the labor supply.

Volume

2

TRANSPORTATION SERVICES DIVISION
DEPARTMENT OF REGIONAL INDUSTRIAL EXPANSION

TRANSPORTATION AND REGIONAL INDUSTRIAL EXPANSION: USERS' PERSPECTIVE ON ISSUES FOR THE 1980s

VOLUME 2 SURVEY RESULTS

MAY 1984

TRANSPORTATION AND REGIONAL INDUSTRIAL EXPANSION: USERS' PERSPECTIVE ON ISSUES FOR THE 1980s

VOLUME 2 SURVEY RESULTS

Presented to:

Transportation Services Division
Department of Regional Industrial Expansion

By:

James F. Hickling Management Consultants Ltd.
Ottawa, May 1984

Ce rapport est aussi disponible en français.

TABLE 1

SUMMARY OF ISSUES -- REGION B.C. LOCATION VANCOUVER

MODE	ADEQUACY RATING	SUBJECT	BASIS OF RATING/COMMENTS	"COST" OF INADEQUACY	SUGGESTED CHANGES	
					OPTION/SOLUTION	EXPECTED BENEFITS AND COSTS
Rail Freight	Adequate Overall					
	Inadequate	Infrastructure/ Equipment	- Concern with adequacy/ age of rolling stock. Despite Crow revision, question whether incentive exists to actually do something (includes trackage situation).	- Dependency of resource economy upon low and competitive rates to move product to tidewater.	- Hope that Crow Rate revision will provide necessary funds to correct situation.	- Paramount need to remain competitive in international markets.
	Inadequate	Service/Small Communities	- Decrease in service due to concentration on major lines. Petroleum product movements have had to switch to trucks.	- Problems associated with truck weight regulations and safety when serving small communities.	--	--
	Inadequate	Dangerous Goods	- Question of compatibility with U.S. legislation/placarding.	- Problem has not fully materialized, but expected to in near future.	- Need for negotiations/ compatibility.	- Avoidance of potential problems.

TABLE 1

SUMMARY OF ISSUES -- REGION B.C. LOCATION VANCOUVER

MODE	ADEQUACY RATING	SUBJECT	BASIS OF RATING/COMMENTS	"COST" OF INADEQUACY	SUGGESTED CHANGES	
					OPTION/SOLUTION	EXPECTED BENEFITS AND COSTS
Air Passenger	Inadequate	Licensing	- Restrictions re. licensing of local/ regional airlines. Federal gov't reacts too slowly to applications.	- Impact on movement of tourists (eg. to Vancouver Island) and expectations of Island residents.	- Less restrictive legislation.	- More access/ service and benefit to tourism industry.
	Inadequate	Customs	- Continuous source of problems. A first and lasting impression; time delays and insufficient staff. B.C. Aviation Council concerned wtih customs and other services to non-B.C. private pilot entering B.C.	- Unmeasurable impact on tourism. Hindrance to further development of Vancouver as service/ financial center to Pacific Rim.	- Reduce "red tape".	- Remedy image/ impression. Improve tourism. Foster development of service/ financial center.
	Adequate	Service (Mainline Carriers)	However, concern with service level in relation to development of service/financial sector vis à vis Pacific Rim. Vancouver as gateway to Pacific.	- Hindrance to desired trend.	- Improved service through bilateral agreements.	- More airlines, better service and increased competition.
Freight	Generally Adequate	Customs	Problems with speed of clearance of air cargo.	- Delays	--	--

TABLE 1

SUMMARY OF ISSUES — REGION B.C. LOCATION VANCOUVER

MODE	ADEQUACY RATING	SUBJECT	BASIS OF RATING/COMMENTS	"COST" OF INADEQUACY	SUGGESTED CHANGES	
					OPTION/SOLUTION	EXPECTED BENEFITS AND COSTS
Road Truck	Adequate Overall	Legislation re: goods movement	- Concern with extent and complexity of Dangerous Goods Goods and other legislation re: movement of goods (eg. petroleum products). Problem of Dangerous Goods legislations with respect to U.S. shipments (ie. compatibility)	- Time spent accomodating legislation; impact on operating costs; often counter productive. Restrictive in terms of development.	- Improved report between gov't and industry. Clarify Federal legislation before implementing provincial/ municipal equivalents.	- Reduce negative impacts of legislation on users and operators.
		Regulation/ Access	- Need for some degree of regulation. Gypsies are hurting licenced carriers.	- Damage to viability of established carriers. Safety.	- Better administration and policing.	--
		Size/wt. Legislation	- Concern with difference in Provincial size/wt. limits.	- Disruption to inter-provincial truck movements.	- Under review at present. Need uniformity among provinces.	--
Other Road/ Automobile	Adequate Overall	Tourism/Access	- Need for adequate road system to allow movement of tourists from Vancouver to beyond points (National Parks).	--	--	--
Bus	Adequate	--	--	--	--	--

TABLE 1

SUMMARY OF ISSUES — REGION B.C. LOCATION VANCOUVER

MODE	ADEQUACY RATING	SUBJECT	BASIS OF RATING/COMMENTS	"COST" OF INADEQUACY	SUGGESTED CHANGES	
					OPTION/SOLUTION	EXPECTED BENEFITS AND COSTS
Freight (cont'd)	Inadequate	Regulation/ Competition	- Problem of regulated Canadian/deregulated U.S. railways. More than 40% of B.C. goods sold in U.S.; 70% moves by rail.	- Loss of competitiveness as U.S. lumber producers have access to deregulated carriers and unpublished rates. Generally, Canadian manufacturers not getting same treatment in U.S. as U.S. shippers.	- No consensus. Need some deregulation but probably not same as U.S.	- Foster competitiveness of Canadian producers.
Passenger	Inadequate	Service and Cost	- Generally negative comments re: trans-continental service, performance and subsidy/cost to taxpayer. Specific question of why Vancouver/Jasper/ Edmonton service should be reinstated.	- Cost to taxpayer for service aimed at specific market (tourism in general, and specifically Japanese market).	—	—

TABLE 1

SUMMARY OF ISSUES — REGION B.C. LOCATION VANCOUVER

MODE	ADEQUACY RATING	SUBJECT	BASIS OF RATING/COMMENTS	"COST" OF INADEQUACY	SUGGESTED CHANGES	
					OPTION/SOLUTION	EXPECTED BENEFITS AND COSTS
Marine	Generally Adequate as is.	General	- Importance of port facilities (Vancouver and Prince Rupert) and water transport to B.C. resource-based economy and exports (and to Western Canada). Perception that B.C.'s future premised on looking West/Pacific Rim market.	—	—	—
	Inadequate	Costs/Charges	- Port of Vancouver charges "outlandish" in comparison to U.S. ports ($7-8/ton vs. $17-18/ton). Multiple and confusing charges.	- Impact on transport costs for resource sector; transport costs constitute large proportion of total value and can determine market competitiveness.	- Perhaps little that can be done. Rather, should concentrate on manufacturers themselves, and cost of production.	—
	Very Inadequate/ Problem Area	Labour	- Labour problems contribute to higher costs and disruptions to service.	- Costs, labour and other considerations give rise to vulnerability of losing business (liner trade) to other ports (eg. Seattle). Once lost, hard to regain.	—	—

TABLE 1

SUMMARY OF ISSUES — REGION B.C. LOCATION VANCOUVER

MODE	ADEQUACY RATING	SUBJECT	BASIS OF RATING/COMMENTS	"COST" OF INADEQUACY	SUGGESTED CHANGES	
					OPTION/SOLUTION	EXPECTED BENEFITS AND COSTS
Marine (cont'd)	Adequate	Conferences/ Competition	- Despite Shipping Conference Exemption Act (expiring March, 1984) and limited number of conferences, opinion that marine rates are acceptable. However, need to protect and maintain this service.	- Crucial to resource sector.	- Need for federal government to recognize importance; involve industry (vs. carriers) more in deliberations. Belief that jurisdiction control should not be vested so much with Transport Canada.	--
	--	Canadian Flag Deep-Sea Marine	- Consensus that Canadian flag marine not feasible and would be disasterous.	- Would end up hurting both the shipper/ exporter and Canadian taxpayer.	- Promotion of Canadian ship-building efforts for Beaufort/ North Slope equipment requirements.	- Avoid risk of making Canadian exporters non-competitive in international markets.

TABLE 1

SUMMARY OF ISSUES — REGION B.C. LOCATION VANCOUVER

MODE	ADEQUACY RATING	SUBJECT	BASIS OF RATING/COMMENTS	"COST" OF INADEQUACY	SUGGESTED CHANGES	
					OPTION/SOLUTION	EXPECTED BENEFITS AND COSTS
Marine (cont'd)	Problem Area	Road system/ Port Master Plan.	- Problem of obtaining approval for arterial road (Burrard Inlet waterfront) Local/ residential opposition.	- Road necessary for efficient movement of containers.	--	--
		Container Traffic, U.S. vs. Canadian ports.	- Concern with fact that 30% of Canadian container traffic is entering via Seattle. However, short-term efforts by gov't to swing trade to Vancouver ineffectual.	- Reduced container traffic through Vancouver. Lines will not switch based on short-term proposals. Opinion that Federal Government hesitates to push too hard because of U.S. container traffic through Halifax, and possible reciprocal action/retaliation by U.S.	- Longer term commitments by government, based on consultation with shippers. However, perception that S/S conferences dictated by Los Angeles and New York (ie. U.S. interests).	--

TABLE 2

SUMMARY OF ISSUES -- REGION ALBERTA LOCATION EDMONTON

MODE	ADEQUACY RATING	SUBJECT	BASIS OF RATING/COMMENTS	"COST" OF INADEQUACY	SUGGESTED CHANGES	
					OPTION/SOLUTION	EXPECTED BENEFITS AND COSTS
Air	Inadequate	Overall	- Perception that Edmonton is not fully competitive as an air service center; generally regarded as a 2nd class air service centre in Western Canada.	- Difficulty in attracting or retaining companies with national or international operations; jeopardizes ability to attract corporate and hi-tech industries. Airlines discount Edmonton as a competitive tourist market.	- Existing Air Services Authority lacks jurisdiction and authority. Recommend Edmonton Transportation Authority and strategic plan.	--
	Inadequate	Terminal Facilities	- International Airport (as opposed to Municipal). As above, and fact that passenger counts of 2 A/P's not aggregated.	- As above; image/impact on business travel and tourism.	- 6-8 airline gates, parking structure and a hotel.	- Augment tourism/ business travel.
	Inadequate	Service/ Connections	- Split in passenger services between International and Municipal A/P's. Inbound passengers heading north must switch A/P's. Also, PWA airbus service at Municipal A/P. Also bilateral agreements not exercised.	- Damaging to Edmonton's position as an air center in terms of serving north (North Slope oil patch). Detrimental to development of International A/P. Impact on tourism.	- Rectify situation of 2 A/P's; strategic plan. Possibly take commuter services out of Municipal and use it in cargo and corporate/private flights.	- Remedy inadequacy as stated.

TABLE 2

SUMMARY OF ISSUES — REGION ALBERTA LOCATION EDMONTON

MODE	ADEQUACY RATING	SUBJECT	BASIS OF RATING/COMMENTS	"COST" OF INADEQUACY	SUGGESTED CHANGES	
					OPTION/SOLUTION	EXPECTED BENEFITS AND COSTS
Air (cont'd)	Inadequate	Customs/ Immigration	- Need to be upgraded at both A/P's.	- Image and effect upon tourism/business travel.	- Upgrade	- Improved image and service.
	Inadequate	Pricing/air fares	- With deregulation in U.S., it is cheaper, for instance, to fly out of Seattle to beyond points.	- Loss to airlines of passenger revenue; further erodes competitiveness.	- Regulatory matter - needs investigation.	--
		U.S. Markets	- Canadian air transportation is structured on E-W considerations. N-S flow of traffic and importance of U.S. markets not sufficiently taken into account.	- Inconvenience and cost to N-S business/traveller/ tourist.	- As above.	- Realize tourism potential.
Air Freight	Inadequate	Origins/ Destinations Customs/ Brokerage	- Considering Alberta's orientation to petroleum industry, insufficient direct connections to Dallas/ Houston.	- Air freight from Texas goes through Toronto. Time and cost impact.	- Direct connections using equipment capable of taking air freight.	- Savings in time and cost to industry.

TABLE 2

SUMMARY OF ISSUES — REGION ALBERTA LOCATION EDMONTON

MODE	ADEQUACY RATING	SUBJECT	BASIS OF RATING/COMMENTS	"COST" OF INADEQUACY	SUGGESTED CHANGES	
					OPTION/SOLUTION	EXPECTED BENEFITS AND COSTS
Road						
Highways/ Infra-structure	Inadequate	Specifically Yellowhead Hwy.	- Edmonton not recognized as being an E-W mainstream of interprovincial road services.	- Therefore not considered primary location for many distribution companies. Also not considered competitive in road passenger sector of tourism.	- Provincial gov't 10 yr. program to twin Yellowhead Hwy.	--
			- Federal gov't regards Yellowhead Hwy. as secondary interprovincial route. Does not receive financial support provided TransCanada Hwy.	- As above. Also, negative image due to increasing number of traffic fatalities on Edmonton/Jasper section. Non-competitive tourist route.	- As above, but attention to Edmonton/Jasper requirements is inadequate.	--
	Inadequate	General	- Inadequate promotion of Edmt. in Eastern Canada as primary road transportation and distribution center for Western Canada.	- As above.	- Needs joint effort by Fed/Prov/Municipal gov'ts.	--

TABLE 2

SUMMARY OF ISSUES — REGION ALBERTA LOCATION EDMONTON

MODE	ADEQUACY RATING	SUBJECT	BASIS OF RATING/COMMENTS	"COST" OF INADEQUACY/RESULTS	SUGGESTED CHANGES	
					OPTION/SOLUTION	EXPECTED BENEFITS AND COSTS
ROAD						
Trucking	Adequate	--	- Although generally perceived as adequate, problems mentioned include: - cyclical/seasonal shipping requirements (eg. potash) with result that sufficient equipment not always available, - accessibility/ease of obtaining permits possibly to a fault, resulting in large number of operators and frequent bankruptcies. Also, difficulty of obtaining interprovincial licences. Difficult for small operators to remain viable in perhaps over-competitive environment.	- Compounded effect of running risk of monopolistic situations.	- Not stated, but inferred requirement for some degree of control/improved administration.	- Improve stability of trucking industry.
	Inadequate	Interprovincial Wt. Standards	- Interprovincial weight (GVW) standards not uniform.	- Difficulty when moving freight interprovincially. GVW in one province may not be acceptable in another. Cannot optimize shipments.	- Make uniform. CTC currently reviewing. Solution need not be to go higher (because of impact on highways) but rather uniform.	--
	Problem Area	Dangerous Goods	- While air and rail have been more fully addressed, trucking (provincial) at embryonic stage.	- Operational/cost implications for industry if legislative authorities do not sufficiently take into account their needs.	- Rapport/consultation between industry (users) and authorities (implementors).	- Avoidance of potential problem.

TABLE 2

SUMMARY OF ISSUES — REGION ALBERTA LOCATION EDMONTON

MODE	ADEQUACY RATING	SUBJECT	BASIS OF RATING/COMMENTS	"COST" OF INADEQUACY	SUGGESTED CHANGES	
					OPTION/SOLUTION	EXPECTED BENEFITS AND COSTS
Bus	Adequate	General	- Minimal comment, except for effect of fuel price on operations vs. U.S. operators, and unspecified concern with potential deregulation.	- Tourism	--	--
Auto-mobile	Adequate	General	- Same considerations re. highway system (Yellowhead) and fatalities/safety. Also concern with fuel prices and effect on travel.	- Tourism	--	--
Rail Freight	Adequate Overall	General	- Low value products for which transportation constitutes a relatively large percentage of total cost/price. Overall importance of maintaining competitiveness in a region where most products go out by rail.	--	--	--

TABLE 2

SUMMARY OF ISSUES -- REGION ALBERTA LOCATION EDMONTON

MODE	ADEQUACY RATING	SUBJECT	BASIS OF RATING/COMMENTS	"COST" OF INADEQUACY	SUGGESTED CHANGES	
					OPTION/SOLUTION	EXPECTED BENEFITS AND COSTS
Rail (cont'd)	--	- Seasonal Requirements	- Despite general adequacy, mention made of the following: - cyclical/seasonal nature of some commodity shipments - (potash, anhydrous ammonia) can lead to equipment shortage,	--	--	--
		- Interswitching	- interswitching; 4 mile limit frequently a problem. Cannot always obtain desired routing,	--	- Under review.	--
		- Crow	- Crow Rate; a situation that transcends regional boundaries. Hoped that revision will rectify problems (age of rolling stock) and allow railways to meet future capacity demands through additional investment.	- Impact on forecasted capacity demands.	--	--
			- Dangerous Good Legislation: too restrictive and incompatible with U.S. operators/legislation.	- Could materialize into a problem. Also, difficult for current or even new equipment to meet certain regulations.	- Needs study by all parties concerned.	- Avoid potential problems/ disruptions of U.S. shipments.

TABLE 7

SUMMARY OF ISSUES -- REGION ALBERTA LOCATION EDMONTON

MODE	ADEQUACY RATING	SUBJECT	BASIS OF RATING/COMMENTS	"COST" OF INADEQUACY	SUGGESTED CHANGES	
					OPTION/SOLUTION	EXPECTED BENEFITS AND COSTS
Rail (cont'd)	Inadequate	Rates	- E-W rate structure is disadvantageous to Edmonton. Rates, Eastern Canada to Vancouver, lower than same shipment into Edmonton. OCP rates permit Winnipeg to ship cheaper to Vancouver than Edmonton and Calgary.	- Higher cost of goods received; passed on to consumer.	--	--
		Deregulation/ U.S.	- Deregulation and unpublished rates allows U.S. shippers to be much more aggressive; especially, shipments from Pacific NW to East.	- Canadian shippers are at a disadvantage for competing products/shipments. Have to absorb differential.	- CP to south (Calgary) have lowered rates, but not CN in northern Alberta and B.C. Needs review.	- Competitiveness of Alberta industries in U.S. markets.
Rail Passenger	Very Inadequate	Service Frequency Routes Reliability	- Overall, VIA Rail's service is not well regarded. Cancellation of Transcontinental service through Edmonton supports perception that they are regarded as "2nd class citizens".	- Primary impact is in tourism. Consider that terminations of service done wihtout consultation. "Lost face" in Pacific Rim markets.	- Need for overall improved service and infrastructure; opinion that new locomotives and bi-level passenger cars could pay out in 3-3½ years.	- Realize more of tourism potential.

TABLE 2

SUMMARY OF ISSUES — REGION ALBERTA LOCATION EDMONTON

MODE	ADEQUACY RATING	SUBJECT	BASIS OF RATING/COMMENTS	"COST" OF INADEQUACY	SUGGESTED CHANGES	
					OPTION/SOLUTION	EXPECTED BENEFITS AND COSTS
Rail (cont'd)			- Cancellation of Vancouver/ Jasper/Edmonton service.	- Impact on tourism, especially Japanese mkt. Additional impact with influx of tourists for Expo '86/Vancouver.	- Reinstate	--
			- No rail passenger access from downtown Edmonton to Calgary.	- Detrimental to any effective rail transportation link between both cities.	--	--
			- Scheduling of Winnipeg to Edmonton service.	- Necessitates overnight stops in Saskatoon; discourages ridership.	- Through service reinstated by Transport Canada (Axworthy, Dec. 1983 announcement)	--
Marine		Northern Transportation Company Limited	- NTCL service on Mackenzie system not mentioned.	--	--	--
Other Container Port	--	--	- Proposal afoot to develop container port in Edmonton area.	--	--	- Enhance Edmonton's position as a major distribution center for Western Canada.

TABLE 3

SUMMARY OF ISSUES -- REGION SASKATCHEWAN LOCATION SASKATOON

MODE	ADEQUACY RATING	SUBJECT	BASIS OF RATING/COMMENTS	"COST" OF INADEQUACY	SUGGESTED CHANGES	
					OPTION/SOLUTION	EXPECTED BENEFITS AND COSTS
Air Passenger	Inadequate	Service/Schedules	- Opinion that they are a captive market on long haul flights (only Air Canada) and schedules are determined by major centres (e.g., Vancouver, Toronto, Montreal). Have to "fight to let airlines know we are alive".	- Reduced number of direct flights; inconvenient departure/arrival times. Additional travelling time; Vancouver previously could be done in 1 day. Now 2 days with stayover (and cost). Impact on tourism.	- Need more service by smaller, regional airlines. Smaller, less costly equipment, allowing increased frequency and connections to major A/P's and beyond flights.	- Primary benefit would be to travel.
	Inadequate	Rates	- Comparison of business travel vs. other rates available. Also, Saskatoon rates higher vs. those at other points for routes of comparable distance because they don't have non-stop flights.	- Businessman is penalized.	- Consumer's expectations of equipment must change (see above).	--
	Inadequate	Market Access	- Entry of small air carriers blocked.	- Reduced competition and service, and higher rates.	- as above	--

TABLE 3

SUMMARY OF ISSUES -- REGION SASKATCHEWAN LOCATION SASKATOON

MODE	ADEQUACY RATING	SUBJECT	BASIS OF RATING/COMMENTS	"COST" OF INADEQUACY	SUGGESTED CHANGES	
					OPTION/SOLUTION	EXPECTED BENEFITS AND COSTS
Air (cont'd)	Problem Area	Parallel Service	- If one airline changes schedule, then other one follows suit.	- Competitive tactic that doesn't help community.	--	--
	Inadequate	Customs	- Open only during normal daytime hours; otherwise "on demand".	- International flights few in number (Frontier Airlines from/to U.S.) therefore not serious problem re: passengers.	--	--
Air Freight	Inadequate	Service & Customs	- Do not have air cargo, either domestic or international. Trucked from Winnipeg. Small airfreight (parcels, etc.) - no clearance at A/P.	- Cannot pick-up at A/P. Must be cleared downtown; inconvenience, delays, etc.	- Have tried unsuccessfully to get Revenue and Taxation to open customs office at A/P.	--

TABLE 3

SUMMARY OF ISSUES -- REGION SASKATCHEWAN LOCATION SASKATOON

MODE	ADEQUACY RATING	SUBJECT	BASIS OF RATING/COMMENTS	"COST" OF INADEQUACY	SUGGESTED CHANGES	
					OPTION/SOLUTION	EXPECTED BENEFITS AND COSTS
ROAD Highway System	Inadequate	Yellowhead Highway	- Highway needs upgrading. However, a provincial not federal jurisdiction.	- Generally, upgrading would assist transport of goods over northern route (transit time). Also impact on tourism.	- Yellowhead Organization lobbying federal gov't. Need extra financing.	--
Truck	Adequate	General	- Competition good. However, mention made that: - cheaper to go by dedicated truck to Edmonton or Calgray vs. normal linehaul, - equipment adequate, but occasionally specialized equipment not available when you need it, - interprovincial GVW standards non-uniform, and can cause problems, - service to smaller communities sometimes hindered by road restrictions (GVW).	--	--	--

TABLE 3

SUMMARY OF ISSUES — REGION SASKATCHEWAN LOCATION SASKATOON

MODE	ADEQUACY RATING	SUBJECT	BASIS OF RATING/COMMENTS	"COST" OF INADEQUACY	SUGGESTED CHANGES	
					OPTION/SOLUTION	EXPECTED BENEFITS AND COSTS
Bus & Automobile	Adequate	--	--	--	--	--
RAIL						
Passenger	Very Inadequate	Overall	- Schedules, reliability, equipment, cleanliness. Overall impression of bad service. "Makes you feel that they (VIA) don't want passenger service."	- Negative image presented to tourists, and also local (Prairie) business travel.	- "If we are going to be in passenger rail then we should do it properly."	--
Freight	Adequate	Overall	- General comments re: cost of shipping products of agriculture and mining industry represent significant proportion of total value. Often distant markets, and transportation costs (competitiveness) become major marketing tool.	--	- Ongoing need to research lower cost transportation systems. Example given of potash shipments to U.S. border by 200,000 GVW truck. "A train" with staggered wheel pattern.	--

TABLE 3

SUMMARY OF ISSUES — REGION SASKATCHEWAN LOCATION SASKATOON

MODE	ADEQUACY RATING	SUBJECT	BASIS OF RATING/COMMENTS	"COST" OF INADEQUACY	SUGGESTED CHANGES	
					OPTION/SOLUTION	EXPECTED BENEFITS AND COSTS
RAIL Freight (cont'd)	Inadequate	Rates/Price	- Virtually no price competition between railways. Rates must be published and feeling that there is no incentive for Cdn. railways to offer competing rates.	- Lack of competition, especially in comparison to U.S. de-regulated carriers. Competing U.S. firms know what we have to pay - opposite not true.	- Strong case for increased competition but no consensus in industry re: regulation vs. deregulation.	--
	Inadequate	Subsidies	- MFRA/ARFAA Maritime subsidies and effect on competing suppliers of potash (Saskatchewan vs. N.B.)	- Saskatchewan cannot be competitive in Montreal market.	- Not a big market but nonetheless significand and indicative of how assistance to one region can hurt another.	--
	Adequate	Crow Rate	- Hopefully revisions will rectify historical situation whereby it was far cheaper (and therefore better) to ship rape seed and sunflower seed rather than processed oils.	- Oil production has been done in East.	- With revision, hope that more processing will be done in Saskatchewan.	- Development/ boon to relevant industries.

TABLE 3

SUMMARY OF ISSUES -- REGION SASKATCHEWAN LOCATION SASKATOON

MODE	ADEQUACY RATING	SUBJECT	BASIS OF RATING/COMMENTS	"COST" OF INADEQUACY	SUGGESTED CHANGES	
					OPTION/SOLUTION	EXPECTED BENEFITS AND COSTS
RAIL (cont'd)	Inadequate	Interswitching	- Occasionally a problem to existing firms and when trying to attract new industry.	- Cost to existing and unattractive to prospective new firm.	- CTC currently reviewing this issue.	--

TABLE 4

SUMMARY OF ISSUES -- REGION MANITOBA LOCATION WINNIPEG

MODE	ADEQUACY RATING	SUBJECT	BASIS OF RATING/COMMENTS	"COST" OF INADEQUACY	SUGGESTED CHANGES	
					OPTION/SOLUTION	EXPECTED BENEFITS AND COSTS
Air Freight	Adequate	General	Air cargo service available and probably adequate. However, not perceived as being used that much. For those who want speed and willing to pay the price (high value goods and reduced inventories).	--	--	--
Passenger	Inadequate	Service/ Frequency/ Rates	Belief that domination by national carrier (Air Canada - CP has terminated service) not acceptable	Dominance creates lack of competition, high fares, and infrequent enough departures/ arrivals. Impact on tourist and business travel.	Deregulate and allow access by more carriers. However, also recognize that essential services have to be protected.	More competitive environment and benefits to consumer as noted.
	Inadequate	US Connections	Connections south of border are limited	Hindrance to business travel, and to development of mining potential, tourism, convention business, etc.	As above, deregulation.	Benefit especially to tourism.
	Very Adequate	Terminal Expansion	Currently underway (planning) judged necessary and good.	--	--	Improved overall service.
Road						
Truck	Inadequate	Intra-provincial Licences/Permits	Upon clarification, the rationale for regulation and franchise permits accepted, provided it is administered properly.	Permits often dormant and service/equipment not always available. Runs counter to idea of spreading industry to smaller centres.	Administer better; if permits not used, retract them; issue new ones as needed.	Provide service intended; better overall competition, development, etc.

SUMMARY OF ISSUES — REGION MANITOBA TABLE 4
LOCATION WINNIPEG

MODE	ADEQUACY RATING	SUBJECT	BASIS OF RATING/COMMENTS	"COST" OF INADEQUACY	SUGGESTED CHANGES	
					OPTION/SOLUTION	EXPECTED BENEFITS AND COSTS
Truck (con't)	Problem	Rates	Manitoba compared to de-regulated Alberta trucking industry where rates lower.	—	However, appear to feel that rate competition would improve/correct itself with better admin. of permits (as above).	—
	Inadequate	Interprovincial Weight Standards	Non-uniform weights (or more correctly, axle loadings) complicate interprovincial trucking. Believe that federal gov't has not availed itself of authority under NTA (only Sunday operations).	Cannot optimize loading to province with higher weight allowance.	Make uniform; some feel should go to maximum allowable, but then question of who pays for upgrading of roads.	Avoidance of current problems.
Truck	Adequate	# firms Operating/ Competition	Notwithstanding above, feel that there is sufficient number of firms -- 6 major trucking companies with head offices in Winnipeg.	—	—	—
	Very Adequate	Piggyback	Rail/truck intermodal via piggyback viewed as offering potential and opportunity for growth.	—	—	—
	Problem	Fuel Costs	Differential between Canada and US and effect on operating costs. Alberta has no provincial tax on gas.	Interstate 90 and US 2 will become "Trans Canada" E-W route.	—	—

TABLE 4

SUMMARY OF ISSUES — REGION MANITOBA LOCATION WINNIPEG

MODE	ADEQUACY RATING	SUBJECT	BASIS OF RATING/COMMENTS	"COST" OF INADEQUACY	SUGGESTED CHANGES	
					OPTION/SOLUTION	EXPECTED BENEFITS AND COSTS
Road						
Bus & Automobile	Inadequate	Fuel Costs	Specific area of concern is differential in gas prices, U.S. vs. Canada.	Have already noticed drop in bus tour market (and therefore impact on "through" tourism travel). Increase also in number of Canadian motorists entering Manitoba at border points vs. Trans-Canada route.	However, chances of Manitoba dropping tax are judged nil.	—
	Inadequate	Infrastructure	Have to learn to do a better job in services provided to tourist (e.g., bus and motorist) travel (restaurants, hotels/motels, etc. -- quality at good prices)	Judged inadequate at present and therefore not attracting business they could.	As indicated. More aggressive and positive approach needed.	Increase in tourism/ revenue.
Rail						
Freight	Inadequate	Rates/ Competition	Only 2 carriers, and exempted from Combines Investigation Act. Also, rates published.	Concern is not only lack of competition (and competitive rates) but also that shippers have come to accept (and not question) situation.	Preference for degree of deregulation. Also, smaller shippers should learn to join forces and make deals as do large companies.	—

SUMMARY OF ISSUES — REGION MANITOBA TABLE 4
LOCATION WINNIPEG

MODE	ADEQUACY RATING	SUBJECT	BASIS OF RATING/COMMENTS	"COST" OF INADEQUACY	SUGGESTED CHANGES	
					OPTION/SOLUTION	EXPECTED BENEFITS AND COSTS
Rail						
	Inadequate	Capacity	Mixture of considerations, including abandonment/tearing up of branch lines, retirement (and not replacing) old boxcars, etc. Specific mention of Churchill and line capacity problem (wheat) because of boxcar retirement and line cannot take hopper cars.	Effect (perhaps more importantly than "cost") has been to provide incentive for expansion and development of trucking business.	--	--
	Inadequate	Interswitching	4 mile limit as mentioned elsewhere.	Cost and inconvenience.	CTC currently investigating. However, skeptical that any changes or improvements will arise ("have investigated it before, and probably will again")	--
	--	Fuel Efficiency	Statement that rail, as most fuel efficient mode, will perhaps eventually force trucks off road on long hauls.	--	--	--
	Adequate	Piggyback	As above; opportunity and growth area.	--	--	--
Passenger	Inadequate	General	Although Winnipeg-Edmonton service has been reinstated, generally question viability of rail passenger service.	Perceived as being heavily subsidized and therefore a cost to taxpayer.	--	--

TABLE 4

SUMMARY OF ISSUES -- REGION MANITOBA LOCATION WINNIPEG

MODE	ADEQUACY RATING	SUBJECT	BASIS OF RATING/COMMENTS	"COST" OF INADEQUACY	SUGGESTED CHANGES	
					OPTION/SOLUTION	EXPECTED BENEFITS AND COSTS
Marine						
	--	General	Before St. Lawrence Seaway, significant general cargo used to come via Churchill to Western Canada. Now only export (wheat) -- charter vessels won't carry general cargo.	--	--	--

TABLE 5

SUMMARY OF ISSUES -- REGION NORTHERN ONTARIO LOCATION THUNDER BAY

MODE	ADEQUACY RATING	SUBJECT	BASIS OF RATING/COMMENTS	"COST" OF INADEQUACY	SUGGESTED CHANGES	
					OPTION/SOLUTION	EXPECTED BENEFITS AND COSTS
Air						
Freight	N/C	--	No comment. Conversely, bus parcel express judged good (small items). Assume relatively minor requirement for air cargo, with demand and service (speed of delivery) met by truck.	--	--	--
Passenger	Inadequate	Rates/Schedules/ Connections	General dissatisfaction with fares (shorter distance to Eastern Canada than other points West, but fares proportionately higher) inconvenient scheduling and poor connections. Nordair promoted as remedy, but has not benefited community (mostly parallel scheduling).	Impact upon business travel (and unattractive to prospective new industry -- reinforces isolation syndrome). Feel that they are being "ripped off" and not treated as part of Ontario.	Deregulation. Don't know if it would work because no experience in Canada. However, would have to be better than present. Also, smaller, regional airlines with smaller equipment perhaps better. Not "bigger" or more frequent flights, but smaller, better scheduling at less cost.	As stated
	Adequate	Facilities/ Terminal	Straining capacity at present, but steps being taken to improve.	--		--

TABLE 5

SUMMARY OF ISSUES -- REGION NORTHERN ONTARIO LOCATION THUNDER BAY

MODE	ADEQUACY RATING	SUBJECT	BASIS OF RATING/COMMENTS	"COST" OF INADEQUACY	SUGGESTED CHANGES	
					OPTION/SOLUTION	EXPECTED BENEFITS AND COSTS
Road						
Infrastructure	Very Inadequate	Highways	Increasing capacity demand on existing regional roadways due to growth in trucking (both increased forestry products, e.g., newsprint -- and now suspected increase in shipments of specialty grains because of Crow Rate revision). Poor condition of roads as well. Feeling that provincial authorities won't recognize problem despite repeated efforts.	Port volume forecasted to increase, but "rubber" capacity won't keep up. Increased truck traffic competing with bus and automobiles. Accidents reported to be on the rise/safety issue. Concern also that transit time and therefore rates will increase as consequence. Two sections of concern; TransCanada to Manitoba border, and Thunder south to Duluth.	Make authorities recognize problem before it's too late.	Allow port to realize potential. (ie. remove bottlenecks). Improve tourism market.
	Inadequate	Facilities	Support facilities, rest stops, etc. absent.	Compounds above situation. Unattractive image and impact upon tourism.	As above	
	Opportunity	Customs	Opinion that Pidgeon River border crossing could be developed into major port of entry with warehousing, etc., and contingent benefits to employment.	--	--	--

TABLE 5

SUMMARY OF ISSUES — REGION NORTHERN ONTARIO LOCATION THUNDER BAY

MODE	ADEQUACY RATING	SUBJECT	BASIS OF RATING/COMMENTS	"COST" OF INADEQUACY	SUGGESTED CHANGES	
					OPTION/SOLUTION	EXPECTED BENEFITS AND COSTS
Road						
Truck	Inadequate	Competition/ Permits/ Equipment	Overall generally satisfied, but concerned with fact that Permits/Licences some not being used. Leads to shortage of equipment. Also, imbalance of volume (more out than in) with disincentive for operators to invest. Belief also that large operators are blocking applications. Generally, Cdn. trucking industry perceived as too restrictive compared to US.	Competition, service and rates not as good as permits issued would otherwise indicate. Again, province not recognizing problem. Compounded by road/infrastructure discussed above.	Not so much a matter of deregulation but better administration of current system. Similar to Winnipeg outlook.	Improved competition/ service.
	Inadequate	Interprovincial Weight Standards	Non-uniformity.	Complexity and loss of productivity.	CTC reviewing at present. Want uniformity more so than maximization.	—
Bus & Automobile	Inadequate	Highway Infrastructure & facilities	As discussed above. Region has important assets to develop but present situation detracts from developing potential.	Impact on tourism (creates poor image) and safety factor.	As above.	—
Rail Freight	Inadequate	Capacity	Inadequacy focussed on capacity of system in relation to Port interface.	A problem (inability to keep pace with Port) that will grow. Together with truck, a bottleneck re: movement of forestry products, grain, etc.	Rail Issues Task Force formed last year to address situation and present longrange plan.	—

TABLE 5

SUMMARY OF ISSUES -- REGION NORTHERN ONTARIO LOCATION THUNDER BAY

MODE	ADEQUACY RATING	SUBJECT	BASIS OF RATING/COMMENTS	"COST" OF INADEQUACY	SUGGESTED CHANGES	
					OPTION/SOLUTION	EXPECTED BENEFITS AND COSTS
Rail Passenger	Very Inadequate	Overall	Service/scheduling and age of equipment.	Primarily an impact on tourism.	Mixed opinions, from termination of VIA to acquisition of new high speed equipment, new track, etc.	--
Marine	Very Adequate	Port of Thunder Bay	Users' opinion that it is well planned and operated. Ample capacity. Less storage now, but cross dock handling (and increased volumes). Charges/port costs are cheaper than US ports to south; do not have labour problems experienced elsewhere in Canada. Opinion that because of fuel costs, marine mode is becoming increasingly more attractive. Isolated mention of potential for cruise ship operations and therefore tourism potential.	--	--	--

TABLE 6

SUMMARY OF ISSUES — REGION SOUTHWESTERN ONTARIO LOCATION LONDON

MODE	ADEQUACY RATING	SUBJECT	BASIS OF RATING/COMMENTS	"COST" OF INADEQUACY	SUGGESTED CHANGES	
					OPTION/SOLUTION	EXPECTED BENEFITS AND COSTS
Air Freight	Inadequate	Overall	Opinion that they have enough air cargo volume to justify improved service (frequency of flights, destinations, size of equipment). Requests for better service "falling on deaf ears".	Speed of transit important for those industries wishing to maintain minimum inventory levels (e.g., automotive parts and suppliers). If goods must be shipped over Toronto, problem of transfer between carriers, multiple handling and risk of loss, misplacement and otherwise late delivery.	Use London as air cargo A/P for spill over from Toronto International. More direct routes to locations such as Buffalo, Detroit and Chicago. "Regulated" deregulation allowing access by more carriers.	Benefit to industry (inventory costs) and increases attraction to new industries.
Passenger	Inadequate	Overall	Same as above. Recent study indicated 300,000 one-way passengers per year, but potential of 550,000 and 700,000 in 1-2 years.	Aggravation to business traveller who may take alternative mode to Toronto (rail, bus or automobile) or who must make connection for beyond flights rather than fly direct. As more business travel is to London vs. from London, creates negative image to outsider.	Easing of regulatory environment.	--
			2/3 of travel is business travel with % to London higher than % from. Total (potential) air travel market split 65% domestic, 25% US and 10% international destinations. Terminal facilities undersized. Limited direct flights for outbound tourist traffic. 300 passengers/day take bus to Toronto A/P. Air Ont. could not handle this additional volume. London/Toronto return air fare approx. $120; bus and rail much cheaper.		As above. Improve terminal facilities/capacity. Diversion of traffic to London from Toronto.	Benefits to business traveller, and positive image/attractiveness to outsiders. Capital saving of Toronto of $18 million vs. London upgrade of $2.3 million for one-time saving of $15.5 million. Net present value increase in operating cost over 20 years of $4.1 million.
Freight Forwarding		Overall	Forwarders do not look upon London as attractive market. Costly and little or no published rates.	No comment.	--	--

TABLE 7

SUMMARY OF ISSUES — REGION SOUTHERN ONTARIO LOCATION TORONTO

MODE	ADEQUACY RATING	SUBJECT	BASIS OF RATING/COMMENTS	"COST" OF INADEQUACY	SUGGESTED CHANGES	
					OPTION/SOLUTION	EXPECTED BENEFITS AND COSTS
Air						
Freight	N/C	-	Refer notes below on access to US markets for passenger travel. No criticism re: air freight, but assume any improvement in access would benefit competitiveness of Canadian industry. Also, general mention of air freight being increasingly used as alternative to maintaining high inventory levels.	--	--	--
Passenger	Adequate	Overall				
	Inadequate	Price & Regulation	Within domestic market and on shorthaul routes (eg. Toronto, Ottawa, Montreal service) price is key consideration. Example of change in Nordair's fare by $20 and resultant change in ridership (20%) which returned to Air Canada once reduced fare ceased. Perception that we are paying inflated fares compared to U.S. carriers.	Straightforward matter of cost to consumer who would naturally prefer to have reduced fares.	Price deregulation. Issue being addressed by current CTC hearings. Recognize that certain essential services (eg. N. Ont.) must be protected, especially if tourism potential to be realized.	Savings to consumer/ passenger.

TABLE 7

SUMMARY OF ISSUES — REGION SOUTHERN ONTARIO LOCATION TORONTO

MODE	ADEQUACY RATING	SUBJECT	BASIS OF RATING/COMMENTS	"COST" OF INADEQUACY	SUGGESTED CHANGES	
					OPTION/SOLUTION	EXPECTED BENEFITS AND COSTS
Air (con't)	-	-				
			With respect to US markets, there is again perception that US fares are lower, more affordable and therefore accessible to more people. ("perception" true on major, highly advertised rates, but not necessarily all US routes).	Scenario of Canadian traveller driving to US (e.g., Buffalo) and taking US carrier. Loss of revenue to Canadian airlines. With forecasted growth in tourism, and especially Canadian tourists destined for US southeast and southwest, loss will augment. Also, Canada has lost share of tourism market.	As above, price deregulation.	Converse of cost.
	Inadequate	Access to US markets	As above, significance of travel to US by Canadian tourists.	As above, loss of revenue to Canadian airlines.	Require greater access to US markets by Canadian carriers (bilateral agreements) combined with competitive fare structure.	--
	Inadequate	Customs	First exposure of foreign traveller/tourist to Canada. Therefore, partially a public relations job. Although improvements made, still perceived as inadequate.	Image created and impact on tourism.	Upgrade as noted.	--

TABLE 7

SUMMARY OF ISSUES -- REGION SOUTHERN ONTARIO LOCATION TORONTO

MODE	ADEQUACY RATING	SUBJECT	BASIS OF RATING/COMMENTS	"COST" OF INADEQUACY	SUGGESTED CHANGES	
					OPTION/SOLUTION	EXPECTED BENEFITS AND COSTS
Air						
	N/A	STOL Toronto/ Montreal	Only briefly touched upon. Concern raised that Air Canada, rather than user, would pre-occupy CTC's attention and deliberations. Also, question duplicated downtown to down-town service (VIA vs. STOL) and whether and to what extent we should subsidize 2 systems.	--	--	--
Road						
Infra-struc-ture	Potential Problem	General	Opinion that major road network runs risk of falling into state of disrepair. Not serious yet but will be 10-15 years. Funds not forthcoming from Federal government.	Aside from importance of usage to residents and industry of region, roads are next in importance (usage) after air mode to tourist. Access to outdoors/Northern Ontario. Tourism market will grow.	Adequate funding and maintenance.	Support tourism market potential.

TABLE 7

SUMMARY OF ISSUES — REGION SOUTHERN ONTARIO LOCATION TORONTO

MODE	ADEQUACY RATING	SUBJECT	BASIS OF RATING/COMMENTS	"COST" OF INADEQUACY	SUGGESTED CHANGES	
					OPTION/SOLUTION	EXPECTED BENEFITS AND COSTS
Road Truck	Adequate	Overall				
	Inadequate		In a fairly price competitive environment (truck vs. truck, and truck vs. rail) service becomes more important than rates. However, this highlights problems with permits; too complex and restrictive (e.g., point-to-point) Judged relatively easy to get in (i.e., access) but more difficult to remain viable and profitable.	Restrictions to carrier become limitations to shipper.	"Regulated" deregulation with possibly a regionalization of permits rather than point-to-point and other barriers.	Improved service to shipper, and would help rationalize current imbalances in forehaul vs. backhaul (thereby tempering increases in rates).
	Inadequate	Interprovincial Weight Standards	Same comments as other regions.	--	Expectation that this will ultimately be resolved.	—
Bus & Auto-mobile	Adequate	Overall	Bus scheduling/service good, but Toronto bus terminal a "disgrace". Automobile as mode of private transport is affected by adequacy of road infrastucture (see comments above).	Terminal busy at present, but if upgraded or rebuilt elsewhere, could be more so.	Upgrade or relocate.	Increase tourism.

TABLE 7

SUMMARY OF ISSUES — REGION SOUTHERN ONTARIO LOCATION TORONTO

MODE	ADEQUACY RATING	SUBJECT	BASIS OF RATING/COMMENTS	"COST" OF INADEQUACY	SUGGESTED CHANGES	
					OPTION/SOLUTION	EXPECTED BENEFITS AND COSTS
Rail						
Freight	Adequate	Overall	However, one must take into account that our rail rates, while they are low in comparison to European countries, are not as low as deregulated carriers in the US. 80% of our trade is with the US. Also, our rates are published, while US carriers are not.	US producer has a competitive advantage in penetrating markets.	If we are to penetrate larger US markets, then we must be as competitive as possible on price. Some degree of deregulation required.	Competitiveness and penetration.
	Inadequate	Interswitching	Cost of interswitching can comprise a significant portion of total rail costs on shorter hauls. Railways don't want to lose freight to one another.	Cost to shipper	CTC currently looking into this.	--
		Rates	A few unspecified concerns, but realization that shipper has alternative in truck, and competition between modes keeps rates down.	--	--	--
Passenger	Inadequate (VIA)	Overall	AMTRAK has "got it together", but not VIA. Mention made of customs; AMTRAK and VIA have apparently devised package, but customs have not yet learned.	Impact on Tourism	--	--

TABLE 7

SUMMARY OF ISSUES — REGION SOUTHERN ONTARIO LOCATION TORONTO

MODE	ADEQUACY RATING	SUBJECT	BASIS OF RATING/COMMENTS	"COST" OF INADEQUACY	SUGGESTED CHANGES	
					OPTION/SOLUTION	EXPECTED BENEFITS AND COSTS
Rail						
Passenger (con't)	Adequate (GO Train)	Overall	Expansion of GO Train system, Oshawa to Hamilton, while seen as costly, is also recognized as relieving pressure on road system and being less costly than a corresponding upgrade of the road system. Isolated mention that GO Station needs to be better, especially if increasing reliance/use of GO system.	--	--	--
					GO Station improvement.	Meet future capacity demand.
Marine	--	General	Harbour "not what it used to be," has deteriorated and become an eye sore. Reduced throughput. However, realization that technology has changed (i.e., containers and size of vessels vis à vis St. Lawrence Seaway restrictions) This, the Seaway tolls, vessel operating costs and comparative railway costs have combined to make Halifax, Saint John and Montreal more economical.	N/A	--	--

TABLE 7

SUMMARY OF ISSUES -- REGION SOUTHERN ONTARIO LOCATION TORONTO

MODE	ADEQUACY RATING	SUBJECT	BASIS OF RATING/COMMENTS	"COST" OF INADEQUACY	SUGGESTED CHANGES	
					OPTION/SOLUTION	EXPECTED BENEFITS AND COSTS
Marine	Inadequate	Conference Lines	Shipping Conference Exemption Act allows collective setting of rates. If Sofati and Cast go Conference, then Canadian shipper left only with Russian and Polish lines as non-conference.	"Captivity" of shipper and resultant (non-competitive) liner rates.	None given, except need for awareness of situation by federal gov't.	--
	Potential Problem	Canadian Flag Marine	Would not want to see this happen. Would be impossible to compete on price with other less costly flags (inexpensive manpower costs, or subsidization by Russians or Poles).	Both taxpayer and shipper would bear the burden under Defensive Legislation.		--
Other Dangerous Goods	--	General	Accept intent of legislation, but feel that it can be too restrictive when applied to the letter. Also, concern of incompatibility with US regulations (different placarding).	Impact at local level when applied by province or municipality (e.g., trucking). Will eventually lead to problems (U.S.).	Considerable discussion has taken place between policy makers and carriers/users. However, more is required.	--

TABLE 8

SUMMARY OF ISSUES — REGION QUEBEC LOCATION MONTREAL

MODE	ADEQUACY RATING	SUBJECT	BASIS OF RATING/COMMENTS	"COST" OF INADEQUACY	SUGGESTED CHANGES	
					OPTION/SOLUTION	EXPECTED BENEFITS AND COSTS
Air Freight	Very Adequate	--	--	--	--	--
Business/ Tourism	Adequate	Westbound flights from Europe	Shortage of seats at certain times of year.	Inconvenience for business travellers.	--	--
Road Truck	Adequate	Permits for Intercorporate hauling	Difficult to obtain.	Transport costs higher than need be.	Ease regulations.	Economies for large shippers.
Bus	Adequate	--	--	--	--	--
Auto-mobile	Inadequate	Urban Traffic	Heavy congestion.	Delays.	None given.	--

TABLE 8

SUMMARY OF ISSUES — REGION QUEBEC LOCATION MONTREAL

MODE	ADEQUACY RATING	SUBJECT	BASIS OF RATING/COMMENTS	"COST" OF INADEQUACY	SUGGESTED CHANGES	
					OPTION/SOLUTION	EXPECTED BENEFITS AND COSTS
Rail Freight	Adequate	Equipment	Car fleets kept at minimum -- thus if recovery is faster than expected capacity short-falls could arise.	--	--	--
Business/ Tourism	Inadequate	Tourism	Lack of North-South routes.	Dampens tourist trade from U.S.	Increased North-South connections.	Enhanced tourism.
Marine Freight	Inadequate	Rates	Concentration/Conference lines.	High rates - increasing 20-25% per year.	None suggested.	--

TABLE 9

SUMMARY OF ISSUES — REGION QUEBEC LOCATION QUEBEC CITY

MODE	ADEQUACY RATING	SUBJECT	BASIS OF RATING/COMMENTS	"COST" OF INADEQUACY	SUGGESTED CHANGES	
					OPTION/SOLUTION	EXPECTED BENEFITS AND COSTS
Air	Inadequate	Frequency Interconnections Rates Equipment Infrastructure	- Response from tourists, convention planners, businessmen. - Accessibility to Quebec City is difficult. - Until recently, airport could not handle large jets. Customs services were inadequate as well, resulting in delays of up to 3 hours for passengers last off aircraft.	- Loss in tourism and convention business. - Exodus of business to Montreal and Toronto. - Inability of region to attract new businesses due to a feeling of isolation.	- Provide Quebec City with STOL services. - Transport Canada to cooperate w/ DRIE and Quebec Chamber of Commerce to ensure region is adequately serviced. - Long term strategies required for industrial expansion.	- Renewed tourism and convention business. - Favorable conditions for growth in industrial and commercial sectors. - Attraction of branch offices - Attraction of manufacturers in high tech. industries and others associated to primary sectors, re. aluminum steel/ferro-alloys electro-chemicals.

TABLE 9

SUMMARY OF ISSUES — REGION QUEBEC LOCATION QUEBEC CITY

MODE	ADEQUACY RATING	SUBJECT	BASIS OF RATING/COMMENTS	"COST" OF INADEQUACY	SUGGESTED CHANGES	
					OPTION/SOLUTION	EXPECTED BENEFITS AND COSTS
Marine (freight)	Inadequate	Rates Capacity Status	- M.F.R.A. does not take into account mileage for establishing rates and thus renders Quebec Port uncompetitive with respect to containers. - Expansion required to meet increased demand for grain shipments overseas. - Status of base port must be retained to ensure rates remain competitive with other Canadian and American ports. - Lack of strategic planning.	- Loss of business pertaining to container shipments to other ports. - Inability of region to take advantage of its strategic location, re. 12-month accessability and without need for ice breakers. - Inability to sell region in light of port facilities and low cost for electricity.	- Canadian Transport Commission to look out for disparities in tariffs established under M.F.R.A.. - Strategic planning required by DRIE and other government authorities.	- Increased traffic and improved accessability. - Favorable conditions for industrial expansion.
Marine (business tourism)	Very low priority					

TABLE 9

SUMMARY OF ISSUES — REGION QUEBEC LOCATION QUEBEC CITY

MODE	ADEQUACY RATING	SUBJECT	BASIS OF RATING/COMMENTS	"COST" OF INADEQUACY	SUGGESTED CHANGES	
					OPTION/SOLUTION	EXPECTED BENEFITS AND COSTS
Road (specific to automobile and truck)	Inadequate	Accessibility Transit Time	- Traffic restricted by and large to Trans-Canada Highway. - Need better access to U and North Shore of St. Lawrence between Quebec and Montreal. Also access to asbestos region.	- Increased transit time, higher truck rates. - Negative impact on regional development in terms of tourism as well as commercial and industrial expansion.	- Review potential for tandem trailers. - Complete construction of north shore auto route. - Consider construction of major highways to U.S. border and asbestos region.	- Lower rates. - Improvements would make region more interesting for industrial expansion. - Open up markets for products presently manufactured in area which are sensitive to transportation costs. - Open up new markets for local carriers leading to increased volume and lower rates.

TABLE 9

SUMMARY OF ISSUES — REGION QUEBEC LOCATION QUEBEC CITY

MODE	ADEQUACY RATING	SUBJECT	BASIS OF RATING/COMMENTS	"COST" OF INADEQUACY	SUGGESTED CHANGES	
					OPTION/SOLUTION	EXPECTED BENEFITS AND COSTS
Bus (passenger)	Adequate	Frequency Rates Transit Time	- Response from local businessmen.	--	- New coaches 102 inches in width for passenger comfort.	- Improved quality of service to passengers. - Industrial expansion/ increased business for local coach manufacturer.
Rail Freight	Adequate	Rates Equipment/ Availability	- Response from regional users.	--	--	--
Rail Passenger	Inadequate	- Comfort - Transit time - Access to downtown Quebec City area.	- Accessibility of region to businessmen and tourist.	- Feeling of isolation - Decreased tourist business. - Service not considered by business.	- Consideration given to northern corridor. - Equipment modernization re: L.R.C. - New facilities in downtown core.	- Decrease transit time. - Renewed interest by tourist and business sectors. - Increased industrial activity - re Bombardier which is a local manufacturer of L.R.C.

TABLE 10

SUMMARY OF ISSUES -- REGION NEW BRUNSWICK LOCATION MONCTON

MODE	ADEQUACY RATING	SUBJECT	BASIS OF RATING/COMMENTS	"COST" OF INADEQUACY	SUGGESTED CHANGES	
					OPTION/SOLUTION	EXPECTED BENEFITS AND COSTS
Air						
Freight	Very Inadequate	Frequencies; Connections; Equipment.	Aircraft serving Moncton too small and too slow for transporting fresh fish products; Indirect routes to central Canada and the U.S. stifle fresh commodity movements.	Fish industry unable effectively to compete in market for fresh products.	Deregulation of airline industry	Benefits: Greater competition resulting in better services and more appropriate Costs: Possibility of service reduction to small communities.
					Steps to encourage greater responsiveness among region airlines.	Benefits: as described above.
		Rates	Nova Scotia allowed better rates than New Brunswick.	New Brunswick exporters incurring competitive disadvantage	Better alignment of costs and rates	Higher exports
Business/ Tourism	Very Inadequate	Frequencies; Connections; Roundaboutness.	Wide-spread complaints from businesses within and outside region that business travel from Moncton to other parts of the region (including other Maritime provinces) is far too time consuming.	Business disuaded from locating in the area. Existing businesses are leaving or contemplating leaving.	Steps to encourage greater responsiveness among regional airlines.	Benefits: Attraction of business and reduction in outward flow of business.

TABLE 10

SUMMARY OF ISSUES -- REGION NEW BRUNSWICK LOCATION MONCTON

MODE	ADEQUACY RATING	SUBJECT	BASIS OF RATING/COMMENTS	"COST" OF INADEQUACY	SUGGESTED CHANGES	
					OPTION/SOLUTION	EXPECTED BENEFITS AND COSTS
Air (con't)						
	Very Inadequate	Frequencies; Connections; Roundaboutness	Difficulty attracting tourists because of poor connections to other parts of the region.	Tourism generating fewer economic benefits than would otherwise be available to the region.	Steps to encourage greater responsiveness among regional carriers.	Growth in industries related to tourist activity.
Road						
Truck	Very Inadequate	Competition among Motor Carriers	Trend toward concentration, whereby small independent carriers are being purchased by a few large trucking companies and railroads.	Loss of transportation efficiency for all sized businesses and industries who depend on common carriers for transportation Deteriorating responsiveness among motor carriers to small shippers in particular.	Deregulation of controls over entry into the trucking business. Also encourage uniformity in regulation between (at least) the Atlantic provinces.	More in number and more responsive motor carriers, helping regional industries to overcome their inherent geographical disadvantage.
		Rates	Use of Tariff Bureaux by many large carriers.	Common rate level for all member carriers resulting in higher than necessary rates, transportation costs.	Deregulation	Help to industry in overcoming inherent geographic disadvantage.

TABLE 10

SUMMARY OF ISSUES — REGION NEW BRUNSWICK LOCATION MONCTON

MODE	ADEQUACY RATING	SUBJECT	BASIS OF RATING/COMMENTS	"COST" OF INADEQUACY	SUGGESTED CHANGES	
					OPTION/SOLUTION	EXPECTED BENEFITS AND COSTS
Road						
		Highway Spring Weight Restrictions	Fish, lumber, peatmoss, fertilizer and other "Spring Demand" commodities forced to reduce shipments and incur transportation cost penalties.	Producers pre-sell advance orders assuming full loads; must then ship at 60% of full load and absorb cost of additional runs. Can result in late delivery and cancellation of sales.	Reduce restrictions. Feeling is that road beds suffer less from ice lenses than from vehicle miles operated and that latter are fairly low in the Maritimes.	Sharply reduced transportation costs; better on-time delivery of commodities resulting in greater sales.
		Lack of 4-lane highway structure	Lack of 4-lane highways means that inefficient truck equipment being used in New Brunswick.	Lack of 45' double trailors in New Brunswick means that consumers unable to ship as inexpensively as they could otherwise.	Recognition that 4-lane construction very difficult to justify economically.	N/A
Bus		Reefer Service	Shortage of reefers for goods needing temperature control.	Requires some shippers to purchase own equipment.	No options identified.	
Freight		Adequate	N/A	N/A	N/A	N/A
Business/ Tourism		Inadequate	Lack of charter services to outlying areas.	Loss of potential tourist trade.	No options identified.	N/A

TABLE 10

SUMMARY OF ISSUES — REGION NEW BRUNSWICK LOCATION MONCTON

MODE	ADEQUACY RATING	SUBJECT	BASIS OF RATING/COMMENTS	"COST" OF INADEQUACY	SUGGESTED CHANGES	
					OPTION/SOLUTION	EXPECTED BENEFITS AND COSTS
Road						
Auto-mobile	Adequate	--	--	--	--	--
Rail						
Freight	Very Inadequate	Branch lines	Deterioration has reduced weight-bearing capacity to one-half the mainline standard.	"Intollerable" service and rates for industries on branch lines.	No options identified.	N/A
		Equipment	Railroads allocate equipment so as to maximize revenue -- causes equipment shortages in geographically peripheral regions, especially Atlantic Provinces.	Difficulty moving bulk commodities to market in most efficient (and thus least-cost) equipment.	More sensitivity to regional development needs within publicly owned railroads. "Lazor" train. Greater cooperation between railroads and trucking firms. Better intermodal facilities.	More efficient, less costly rail movements for bulk commodities. Greater flexibility in use of available transport modes.
		Small Shippers	Railroad rates uncompetitive: Railroads appear to have "lost interest" in this market.	Virtual loss of major transportation competitor for small shippers.	No options identified.	N/A

TABLE 10

SUMMARY OF ISSUES — REGION NEW BRUNSWICK LOCATION MONCTON

MODE	ADEQUACY RATING	SUBJECT	BASIS OF RATING/COMMENTS	"COST" OF INADEQUACY	SUGGESTED CHANGES	
					OPTION/SOLUTION	EXPECTED BENEFITS AND COSTS
Marine						
Freight	Inadequate	Rate Equalization Policies of Conference Lines	Conference lines maintain freight rates to and from Halifax and Saint John on a parity with ocean rates to and from St. Lawrence ports.	Lessens opportunities for Maritime exporters to exploit their natural geographic advantages.	Require lower ocean rates to and from the Atlantic ports versus St. Lawrence ports (for shipments moving on local "Saint John" or "Halifax" bills of lading.	
		Loyalty oaths	Conference system clients must sign a loyalty contract to use only the conference line.	Inability of exporters to balance the power of the conference system.	Diminish loyalty requirement to 80% of total volume shipped.	Development of alternative carriers outside conference system.
	Inadequate	Ports/port policy	Trend toward concentration of major container services at Montreal. Trend stimulated by federal government "provision of navigational services on St. Lawrence free of charge".	Diminishes service to Atlantic ports. Could lead railroads to concentrate their services at Montreal, to detrement of Atlantic ports.	User fees for navigational aids, icebreaking and dredging on the St. Lawrence.	Would make the ports in Atlantic Canada more economically attractive.
Freight Forwarding	Inadequate	Availability	"Virtually no freight forwarding services available".	Shippers probably not finding the best rates.	Stimulation of more freight forwarders in area through special incentives.	Lower rates for shippers.

TABLE 10

SUMMARY OF ISSUES — REGION NEW BRUNSWICK LOCATION MONCTON

MODE/ DISCUSSION ISSUE	ADEQUACY RATING	SUBJECT	BASIS OF RATING/COMMENTS	"COST" OF INADEQUACY	SUGGESTED CHANGES	
					OPTION/SOLUTION	EXPECTED BENEFITS AND COSTS
Other Federal Policy	Federal Resource management and Regional Development Policies in Conflict	Envelope System	Inclusion of "constitutional obligations" in the "envelope" for each Atlantic Province.	"Constitutional obligations", through freight rate subsidies and other means, are comprized through their inclusion the envelope system of trade offs.	Fund "constitutional" and discretionary programs separately.	Help Atlantic Provinces overcome the barriers of distance and scattered markets.
	Potentially Inadequate	Freight Rate Assistance program	Danger of further cuts, or elimination of intra-regional subsidies.	If assistance were cut or terminated, production at Atlantic region plants would be diverted to other locations closer to the major markets.	No further cuts in intra-regional program.	Program would continue securing additional industrial development.
	Federal objectives regarding Investment and Regional Development in Conflict	User fees	Trend towards full cost recovery as an investment criterion for infrastructure facilities.	Results in fewer facilities in the region than actually needed and justifiable.	Do not use full cost recovery as sole criterion for public capital investment.	More needed infrastructure development.
	Federal Marine and Regional Development Policies in Conflict	Coastal Shipping Policy	Duties on foreign vessels used when no Canadian alternative is available.	Duty adds to the cost of transport "while doing nothing to enhance the growth and development of Canadian shipping.	Reduce or eliminate the duty.	Lower marine shipping rates.

TABLE 11

SUMMARY OF ISSUES — REGION NOVA SCOTIA LOCATION HALIFAX

MODE	ADEQUACY RATING	SUBJECT	BASIS OF RATING/COMMENTS	"COST" OF INADEQUACY	SUGGESTED CHANGES	
					OPTION/SOLUTION	EXPECTED BENEFITS AND COSTS
Air						
Freight	Little comment					
Business/ Tourism	Very Inadequate	Connections with United States	Poor North-South route structure and connections.	Generally poor North-South service restraining trade, development and tourism.	Deregulation	Benefits: attract U.S. carriers and new entrants. Costs: could hurt small commuters in region.
		Connections with Europe	Not enough flights to Europe.	Discouraging the development of secondary industry, particularly related to off-shore (because business people wary of poor connections).	Deregulation	Benefits: attraction of European carriers. Costs: could hurt Canadian airlines.
		Connections to other Atlantic provinces	No service at all to most parts of region, such as Northern New Brunswick. Air serving only major centers.	Detriment to regional development. However, some felt that transportation should not be a "social service" to small communities.	Deregulation	Benefits: attraction of "air taxis" etc. Costs: Even less service than today.
Road Truck	Inadequate	Regulation	The region (Nova Scotia generally) suffers "the worst of both worlds" by imposing the costs of a regulatory burden without regulating the rates carriers may charge".	Regulatory costs are passed on to the shipper.	Introduce either deregulation, or rate regulation.	Rates at competitive levels.

SUMMARY OF ISSUES — REGION NOVA SCOTIA TABLE 11
LOCATION HALIFAX

MODE	ADEQUACY RATING	SUBJECT	BASIS OF RATING/COMMENTS	"COST" OF INADEQUACY	SUGGESTED CHANGES	
					OPTION/SOLUTION	EXPECTED BENEFITS AND COSTS
Road (con't)			Burdensome licensing procedures	Small operators can't afford the process of obtaining licence: Results in less competition.	Ease licensing regulations	Lower motor carrier rates through competition.
		Tariff Bureaux	Fixed rates hold transportation costs above competitive levels.	Higher transportation costs	As above	As above
		Concentration	General "disappearance" of the small LTL shipper. Heavy reliance on "gypsies" to serve small, outlying communities.	Gradual monopolization by railroads and high transportation costs.	As above	As above
		Non-Uniformity of Interprovincial Regulations	Non-uniformity extends to Bills of Lading; maximum weight configurations, exemptions from regulations and issuing of licences.	Inefficiency in interprovincial trucking operations.	Greater uniformity accross the Atlantic Provinces.	Less costly, smoother interprovincial trucking operations.
		Uniformity of interprovincial weight restrictions	Non-uniform weight restrictions between Atlantic Provinces	As above	As above	As above
Bus Freight Business/ Tourism	Inadequate	Uniformity of Interprovincial regulations	Bus operators licensed in Nova Scotia not allowed to cross provincial borders.	Diminishes tourism -- operators can't offer "Maritimes" tours. Also results in loss of business to U.S. operators, who can offer charters throughout	Joint licensing	More tourism especially for Canadian operators.

SUMMARY OF ISSUES — REGION NOVA SCOTIA TABLE 11
LOCATION HALIFAX

MODE	ADEQUACY RATING	SUBJECT	BASIS OF RATING/COMMENTS	"COST" OF INADEQUACY	SUGGESTED CHANGES	
					OPTION/SOLUTION	EXPECTED BENEFITS AND COSTS
Road						
Auto-mobile	Reasonably Adequate Conditions					
Rail						
Freight	Inadequate	Reliability	Many manufacturers need to place reservations some 3 weeks ahead to use rail services.	Diminishes Competitiveness of regional producers.	Strengthen CN's commitment to regional development.	Greater ability to compete with central Canadian produers.
					Expand freight forwarder's pool car services now in operation between Toronto and Halifax for furniture manufacturers.	Improve rails competitiveness with road.
						Better rate structure than CN or truck.
						Reduced damage ratio.
		Competition	For anything west of Ontario "CN is the only available railroad" for piggyback movements.	Inflexibility in shipping sea products and other commodities.	Convey trackage rights to CP.	More competitive rates and better services.
		"Creaming"	CN restricting its operations to only the 'cream' markets (Halifax, Moncton, etc.) — Offering very poor service to Amhurst and other small communities.	Inadequate and expensive rail service for small, outlying communities.	Strengthen CN's commitment to regional development.	More belanced regional growth.
		Predatory Pricing	CN said to be undercutting private motor carriers on rates to obtain larger market share.	Fear is that CN will gain monopoly power over rate making and sevice levels.	No specific solutions.	

SUMMARY OF ISSUES — REGION NOVA SCOTIA TABLE 11
LOCATION HALIFAX

MODE	ADEQUACY RATING	SUBJECT	BASIS OF RATING/COMMENTS	"COST" OF INADEQUACY	SUGGESTED CHANGES	
					OPTION/SOLUTION	EXPECTED BENEFITS AND COSTS
Rail		Infrastructure	Track follows same route as it did in 1890.	Circuitous routing: many derailments.	Repair and Restoration	More efficient service
				CN wants to extend "Lazor train" to Halifax from Toronto but infrastructure may prevent.		
		Abandonment	No consultation between CTC and the Province	No alternative arrangements available for affected shippers.	Formal consultation machinery.	More say for the Province over the abandonment impacts
Business /Tourism	Inadequate	VIA Rail	Very poor baggage handling.	Some reduction in tourism		
			Recent service cuts.		Participants reluctant to suggest improvements since only 3% of passenger traffic uses rail anyway.	
			Lack of passing track.	Creates difficulties in scheduling passenger runs. Increased derailments.	Upgrading	Better passenger services.
Marine Freight	Very Inadequate	Activities of Conference Lines	Recent reduction in non-conference shippers from 3 to none.	Conference lines have shown tendency to raise rates sharply for frozen commodities.	Study the merits of removing current exemption from the Combines Act for conference lines (SCEA).	Possible increase in number of competitors.

TABLE 11

SUMMARY OF ISSUES — REGION NOVA SCOTIA LOCATION HALIFAX

MODE	ADEQUACY RATING	SUBJECT	BASIS OF RATING/COMMENTS	"COST" OF INADEQUACY	SUGGESTED CHANGES	
					OPTION/SOLUTION	EXPECTED BENEFITS AND COSTS
Marine	Inadequate	Container Ports: Intermodal Acquisitions	CNR holdings in the Cast Group.	Viewed as potentially creating an untenable situation for shipping interests in Canada, particularly for Halifax, (because CN only rail link to Central Canada and mid-west U.S.	Divestiture (implied only)	More competition. More lines calling at Halifax.
		User Fees	Free use of St. Lawrence Seaway.	Seaway subsidies detrimental to rail transportation -- rail must pay for its use of right-of-way.	User fees on St. Lawrence.	More efficient allocation of freight between marine and rail.
Business /Tourism	No concerns raised					
Freight Forwarding	Inadequate	Conference Lines	Lack of competitors with conference lines in ocean shipping.	Freight forwarders find they cannot get good rates and connections for Nova Scotia and other Maritime shippers.	Establish an international control body to oversee conference lines.	More competition, better rates, better service.
		Public Warehousing	Shortage of refrigerated warehouses and other public warehousing.	Discourages use of Maritime ports, making freight forwarding less effective.	Federal subsidies for public warehousing.	Would encourage more manufacturing in region and more use of Maritime ports.

TABLE 12

SUMMARY OF ISSUES -- REGION NEWFOUNDLAND LOCATION ST. JOHN'S

MODE	ADEQUACY RATING	SUBJECT	BASIS OF RATING/COMMENTS	"COST" OF INADEQUACY	SUGGESTED CHANGES	
					OPTION/SOLUTION	EXPECTED BENEFITS AND COSTS
Air						
Freight	Inadequate	Rates	Too costly for everyday use.	Use of slow modes.	Deregulation	Better service and rates through more competition.
		Speed	Shipments taking up to five days to get to Newfoundland from central Canadian origins.	Unreliability	As above	As above
		Bumping	Newfoundland-bound shipments being bumped at Montreal by goods moving to other locations	As above	As above	As above
Tourism/ Business	Inadequate	Availability	Difficulty of getting seats to Labrador without about 10 days advance reservation.	Poor connections with Labrador for business and tourism.	None suggested	
Road						
Truck	Inadequate	"Predatory" Competition from rail.	Competition from Terra Transport.	Many trucking companies being driven out of business in Newfoundland by Terra Transport (CN) through competition for base loads in truck load operation.	Government should require that Terra increase its rates.	Reshape proper balance between truck and rail modes.
Bus Freight Business /Tourism	Inadequate	Coordination between Companies/ Schedules/Interlining	No information about schedules available.	Inefficiency, lack of use, high cost.	Better information dissemination.	More use of system.

TABLE 12

SUMMARY OF ISSUES — REGION NEWFOUNDLAND LOCATION ST. JOHN'S

MODE	ADEQUACY RATING	SUBJECT	BASIS OF RATING/COMMENTS	"COST" OF INADEQUACY	SUGGESTED CHANGES	
					OPTION/SOLUTION	EXPECTED BENEFITS AND COSTS
Road						
Auto-mobile	Inadequate	Safety; Speed	Lack of paved highway shoulders and deferred maintenance.	Many use boat instead of road, thus wasting time.	More federal aid for highway improvements.	Improved tourism, greater safety and higher speeds.
		Infrastructure	Poor links between the major urban and peninsula centers in Newfoundland.	Inefficient transportation system generally.	Upgrade existing links, and provide shorter ones.	Fewer delays/greater regional competitiveness.
Rail						
Freight	Inadequate	"Pricing"	Government subsidy to Terra Transport.	Causing rail to capture too much direct water and truck business.	Reduce subsidy to CN or otherwise cause it to increase rates.	More efficient balance between modes. More competition. Lower rates.
Marine						
Freight	Inadequate	Terra Transport	See above			
	Adequate but inefficient	Coastal Services	Not enough competition.	High rates.	None stated.	
Business /Tourism	Very Inadequate	Ferry Services	Very poor accomodation for passengers and poor service at terminals.	Sharply diminishing tourism.	Upgrade service; upgrade terminals; restore North Sydney-Argentia service.	Sharply increased tourism.